Editorial Comment

September

NATIONAL MUNICIPAL REVIEW

Vol. XXIV, No. 9 Total No. 231

County Home Rule for New York

FROM the standpoint of those who have been working for better government in New York State, the proposed county home rule amendment to the constitution which will go to the voters at the November election represents the realization of dreams. It will remove all the constitutional obstacles to reorganization of local government in New York State which have so long stood as a barricade against improvement in structure or administration. Its significance can hardly be over-estimated.

New Yorkers who wish to see the amendment passed, however, must appreciate they still have a big job before them. Victory is in sight, but before it can be won a great deal of hard work must be put in. The amendment is beneficial both to up-state New York and to New York City but at the present writing relatively few of the citizens who will go to the polls in November ever heard of the amendment, much less understanding the effect of its provisions. And, as is the case with any improvement in government, the amendment will be opposed by certain political groups interested primarily in control through patronage.

In reality the amendment is two amendments in one. The first part applies to counties outside New York City; the second, to counties within New York City.

The important points in Part I are:

1. The legislature must submit to voters of every county in the state alternative forms of county government for them to choose the form they think best suited to their own locality.

2. In order to safeguard the rights of minorities of citizens who live in rural areas, any form must be adopted by (a) a majority of the number of those voting on the proposition within the whole county; (b) a majority of the number of those voting on the proposition in any city containing more than 25 per cent of the population of the county; and (c) a majority of the number of those voting on the proposition who live outside such city or cities but within the county.

3. After adoption of any form of government, the legislature is definitely prohibited from interfering by special act in the affairs of the county except on an emergency message from the governor and a two-thirds vote in the legislature. If the act changes the form of government or touches an elective office, a popular referendum in the county concerned also is required.

The important points in Part II (which affects New York City only) are these:

1. The City of New York is given power by local law to abolish any county office within the city except that of judge, county clerk, and district attorney. The functions of any office to be abolished may be assigned to any other existing office in the city or to the county clerk or to the courts.

2. After action by the city with respect to any county office, the legislature may not again interfere except on emergency message from the governor and a two-thirds vote.

From the standpoint of honest objectors, there is only one section in the amendment that has given rise to any serious controversy. Under the split referendum it might be possible for a small minority to defeat the wishes of a large majority. On the other hand, the amendment may be defended on the ground of preserving the rights of these minorities to the kind of local self-government they prefer.

No other criticism is heard of the amendment. True, there is no provision in the amendment for local initiative but this is deliberate, on the ground that since the county is primarily an agent of the state, a reasonable uniformity should be preserved in county government that would not be possible if every county could have a different kind of charter.

All in all, the amendment offers a tremendous opportunity for constructive reorganization of local government and the only real opportunity New York State has had since the constitutional convention of 1915.

The Case of Mr. Nahoum

ALBERT NAHOUM, thirty-five-year-old American citizen, married and the father of four children, applied recently to the supreme court of Brooklyn, N. Y., to have his relief allowance raised. He cannot take care of his family on $60.50 a month when half of it must be paid as rent on his four-room apartment and he wanted the court to mandamus the city to increase his allowance. The judge reserved decision but indicated he would refuse to grant the order.

The case of Mr. Nahoum is interesting for a number of reasons. First, it raises the question which others have raised before—are relief allowances sufficient to live on? A dollar a day to feed six persons, pay for gas and electricity, as well as all the other incidentals of living. Not exactly a pleasant prospect to contemplate, is it? But where would the money come from to pay more?

The second question Mr. Nahoum's case raises is the extent to which the courts should become involved in a matter of this kind. The courts represent justice to Mr. Nahoum. Should the court let its human sympathies prevail and come to the rescue of the Nahoum family, there would shortly be hundreds of thousands of Nahoums applying to courts for aid. No, the problem of relief cannot be solved by judicial decree.

A third query implicit in the experience of the Nahoums relates to relief administration and the old problem of the extent to which administration should be centralized or decentralized. Contrast Mr. Nahoum's case with the relief problem in the hills of Kentucky, for instance. There sixty dollars a month would appear like a small fortune. As Lent D. Upson facetiously remarked at the G. R. A. conference, "There are sections of the country where the only relief you need is to hand a man a few bullets and tell him to go out and get himself some dinner." It seems difficult to combine centraliza-

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Tax Relief For Real Estate

A discussion of the woes of the real property tax with suggestions on other available fields of taxation

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IN discussing "tax relief for real estate" I should like to begin with a brief preface. My preface would be that while there is much real estate that needs relief from taxation, there are many forms of real estate that need no relief and some real estate that ought to be paying more taxes than it is. And there are other things that real estate needs relief from worse than it needs relief from taxes.

Real estate needs relief from dependence upon a commercial banking system for its permanent financing. It needs relief both from the unscrupulous types of private financing that characterized the period preceding the depression, and from the haphazard, semi-benevolent types of governmental financing that have characterized the period since. It needs relief from the unregulated, irresponsible types of subdivision and promotion by ex-gangsters, financial wizards, public utility magnates, and politicians that have characterized most periods of prosperity in the past. It needs relief from the short-sighted, narrow-minded type of leadership that has too frequently characterized its recognized organizations in the past, a leadership that has placed its emphasis upon promotion and salesmanship and upon alliances with tax officials and political groups for the purpose of securing temporary reductions of assessment and other petty favors, rather than on the development of broad policies in the interest of the community as well as the members of real estate groups themselves. From these and many other ills real estate needs relief worse than it needs relief from taxes.

DEPENDENCE ON REAL ESTATE TAXATION

But all of us need relief from dependence on a system of local government taxation that has become virtually a real estate tax. Indeed, I am inclined to think that the need lies more acutely with the governments and with the community in general than with real estate groups themselves. The actual burden of taxes on real estate is to some degree capitalized and discounted in the prices of property or at least *can* in some degree be discounted; but the ill effects of an unbalanced, uneconomic form of taxation are suffered constantly by local governments and by the communities they represent.

After a somewhat extended study of real estate movements in the past, in our work at Northwestern University, we can only report that the further we get into this field the more apparent it becomes that so far as the broad ups and downs of real estate development and prosperity are concerned, taxes have had nothing to do with them. We have had the most rampant speculation and most spectacular real estate appre-

ciation and activity in periods of rapidly mounting taxes; and we have had prolonged decline and stagnation of real estate activities in periods and regions where taxes were negligible.

But while taxes have had little or nothing to do with precipitating panics and depressions, nevertheless it appears to be equally clear that once we are in a period of panic and depression, real estate taxation is a positive factor in aggravating and prolonging the depression. We may enumerate four ways in which real estate taxes have this effect.

In the first place, the real estate tax, and the property tax in general, is a fixed charge, levied without regard to the volume of business, the earnings of the property, or the financial status of the owner. It is a commonplace to observe that in times of financial stress it is the fixed charges that ordinarily precipitate trouble. In the case of real estate, likewise, it is the fixed charges that put properties into receivership or bankruptcy and bring about a huge volume of "distressed sales" on a deflated market, thereby giving added momentum to the course of deflation. Of these fixed charges taxes ordinarily make up from 20 to 25 per cent.

In the second place, assessments are very tardily and grudgingly reduced in times of depression. Sometimes the pressure of revenue needs prevents them from being reduced at all. This means that as values decline in the process of deflation the capitalized value of a constant tax becomes a constantly larger proportion of the total actual value of the property. A tax which absorbs 20 per cent of the income (and wipes out 20 per cent of the capitalized value of the property) in times of prosperity may absorb 50 per cent of the income and wipe out some corresponding stratum of capitalized value in a period of depression. In short a more or less fixed amount of property taxation adds a widening stratum of deflation on its own account to the cumulating deflation from other causes—and again aggravates the course of general deflation and depression.

In the third place, the heavy delinquency which invariably develops in periods of depression, and will probably continue to develop in future depressions, cripples the finances of local governments, compels resort to heavier taxes on surviving taxpayers, and forces recourse to expensive borrowing operations. Frequently it has the effect of impairing the operations of local governments at the very time when added burdens are thrown upon them and when their efficient functioning is most necessary.

In the fourth place—and this, I am inclined to think, is the most fundamental of all and one that has quite commonly been overlooked—the real estate tax is essentially a *debtor's tax.* An actual *general* property tax would not be, because such a tax would rest on bonds, notes, mortgages and other securities that represent the creditor interest. The virtual exemption of these interests means that the property tax on real estate and tangible wealth rests essentially on the equities and tangible assets that underlie the bulk of the private indebtedness of the country. This is almost necessarily the case, since the purpose of loans is ordinarily to put the proceeds into the production or acquisition of some form of property. And if there were any question about it, the familiar figures for the various classes of indebtedness leave no room for doubt. They indicate clearly that the bulk of the private debt of the United States consists of urban real estate mortgages, farm mortgages, and railroad and public utility indebtedness, the latter resting for such final security as it possesses upon assets that are largely of real estate character. This means

that to the extent that taxation rests exclusively on physical property, it tends to become essentially a debtor's tax.

Now, there is nothing inherently wrong with taxing debtors. Throughout some periods of recent memory if we hadn't taxed debtors, there would scarcely have been anyone else to tax. And furthermore, in periods of prosperity and appreciating values the debtor interest embraces entrepreneurs and promoters, stockholders, speculators, equities in expanding industrial enterprises and appreciating properties. These are the groups who share most liberally in the profits of such periods; while the creditors, holding securities of fixed principal and limited return, suffer shrinkage of real incomes and often shrinkage in the real value of their principal. In such periods the debtor groups represent the most profitable interest and the one possessed of the largest taxpaying ability.

But, on the other hand, financial panics and depressions are essentially debtor phenomena—we might almost say debtor pathology. The terms commonly used to describe these periods are all descriptive of debtor situations—over-extended loans, over-production on borrowed capital, inability to meet obligations, forced sacrifice of securities and collateral, distressed sales, liquidation, deflation of values, "frozen assets"—all these describe only too familiar debtor situations. Panics and depressions are essentially periods in which a large part of the assets and income of the country are in process of passing from debtors to creditors. They are periods which in the past have been characterized by "mortgage rebellions," debtors' revolts, Populist, greenback, and fiat money movements, all of which represent the underlying, nation-wide distress of the debtor classes.

Now when, on this debtor situation, we superimpose a tax system that is essentially debtor taxation, we have a tax system that is exactly upside down in its relation to the conditions of the time—a system that is exactly the opposite of any "taxation for prosperity". This I take to be the most fundamental relationship of real estate and property taxation to problems of prosperity and depression.

We cannot, of course, shape our tax statutes so as to apply only to debtors in periods of prosperity and to creditors in time of depression. If it were possible to word our statutes in that way, it would be a blessing to both groups in both periods. It would put some restraint upon excessive borrowing by debtors and provide some compensation for the shrinkage of income and principal on the part of creditor interests in periods of inflation and prosperity; and it would lift a heavy burden from distressed debtors and contribute greatly toward strengthening the price and credit structure in times of depression. We probably cannot accomplish this through any feasible forms of taxation; but we can shape our general tax system less exclusively with reference to property and more with reference to income or financial capacity of some kind, so that it will more nearly follow the changing channels of taxpaying resources in prosperity and depression, instead of riding the flood in periods of prosperity and trying to navigate the sand bars in periods of drought.

RELIEF FROM REMEDIES

Before I undertake to suggest any available lines of remedy, I am going to hazard one further diagnosis of our needs. We need relief from many of the popular proposals, many of the patent medicine remedies for the situation. In short, we need relief from many proposed forms of relief. Among these I should enumerate the following.

1. "Getting Assessments Down."—We need relief from the piece-meal,

chicken-feed policies of many real estate boards, home owners' associations, farm organizations, and taxpayers' associations directed toward temporary reductions in assessment, with complacent self-satisfaction when these petty concessions have been accomplished. These policies always remind me of an eloquent citizen of the Windy City. In a large public meeting in Chicago he declared that the way to get relief was to go right down and talk "brass tacks" to the Board of Review. He related with great gusto how he had talked "brass tacks" to the Board of Review and got his assessment reduced to what, according to his own figures, represented only 60 per cent of the full value of his property. He did not know that the average level of assessment in Chicago in that year was 31 per cent.

2. The Sales Tax.—Whatever merits the sales tax may have for other purposes, from the standpoint of relief for real estate it is jumping from the frying pan into the fire. In Illinois our 2 per cent sales tax was offered as a means of abolishing the state property tax levy. Yet it is easy to demonstrate that the average farmer will pay more in the form of a 2 per cent sales tax than the small state levy amounted to.

3. Tax Limitation.—While tax limitation may be a legitimate weapon of conflict, as an end in itself in the way of relief for real estate, past experience seems to have demonstrated its futility. In Illinois the so-called Juul law has grown from time to time until now it takes eight typewritten pages merely to enumerate the separate items it contains, including limitations for soldiers' monuments, brass bands, and comfort stations. It affords a striking illustration of the futility of this kind of relief. I know of no other useful purpose it serves.

4. General Gross Income Taxes, Production Taxes, etc.—In recent years there has been considerable discussion to the effect that the property tax ought to be abolished entirely and replaced by a single gross income tax or production tax or other universal form of tax. The yearning for some universal, simplified form of taxation is a perfectly normal one and arises largely from the unnecessary confusion and the incompetent administration of the heterogenous taxes we now have. It is the same psychology that underlies the yearning for a simplified universal language for all mankind and that has given rise to "Volapuk", "Esperanto", and other artificial world languages. Esperanto was going to eliminate war and accomplish various other happy results. Eventually when someone tried to "talk Esperanto", he found that the complications were greater even than his previous efforts to talk English.

And so with the proposals for simplified universal forms of taxation. Most of them are simple in name only. There *are* simplified taxes, such as the poll tax and the salt and match monopolies of European countries and many others; but most of them have vices more simple than their virtues.

5. Homestead Exemption.—We refer to this because there has been a considerable movement in recent years for partial or complete exemption of homesteads. The history of property taxation in this country has largely been the history of the escape of one type of property after another from carrying its share of property taxes. The first exodus was that of the railroads in the early days when railroad construction was subsidized by general exemption on the part of both state and local governments. The second exodus was that of stocks, bonds, and intangible property, coincident with the development of corporations and the growth of securities and new types of intangible wealth. Subsequently there

developed more or less wholesale evasion of taxes on the part of the railroads, public utilities, and other large corporations in consequence of the failure to provide administrative machinery adequate to assess these types of property and to cope with the powerful corporations that owned them. And finally there has been a tendency for personal property in general to escape adequate assessment on account of the growing complexity of these forms of property and the ineffectiveness of assessment methods.

The result is that a tax which at the outset rested firmly on the broad base of universal property ownership has had its base narrowed more and more by this process of constant erosion until now it more nearly resembles one of those "pivot rocks" that tourists admire, not for its massiveness and strength but for its ability to "teeter" indefinitely without tumbling.

But we cannot continue this process of erosion forever without courting disaster; and we have no hesitation in saying that improvement in the character of the property tax lies in the direction of further reducing the exemptions we have rather than in devising new ones. We will concede without argument that there is more reason for the exemption of homes than for the exemption of many forms of property that are now exempt. But this is not the way to remedy the situation. If homes are taxed too high, it means that other small properties are taxed too high likewise. This includes farms, shops, stores, and small business and industrial establishments whose owners are often having a harder struggle than many comfortable home owners. Sound remedy lies in working to secure lower property taxes, not in exempting some particular class and thereby shifting still heavier taxes to those who are left to carry the burden.

CONSTRUCTIVE POLICIES OF RELIEF

There are three commonly recognized bases of taxation: property, business, and income. If we wish to include consumption as a separate base, we may enumerate four. If our purpose is to lighten the burden on the first, we must move definitely to one or another of the remaining three. On any modern conception of tax principles, it would seem that any extensive taxation of business and production must be recognized as repressive and demoralizing; and any extensive taxation of consumption, except in fields of luxury or undesirable forms of consumption, as oppressive and unjust. Those of us who hold this general philosophy feel, therefore, that in moving from property we must not stop at any intermediate stations such as production and consumption but must move directly to income as the most available and most equitable basis for carrying any burden lifted from property. We are using income, of course, not in any technical accounting sense, but in the broad sense of participating in the distribution of wealth.

It seems to me there are three fields of taxation which specifically represent a basis for this type of taxation:

1. Profits from the exploitation of natural resources, including therein what we commonly call the unearned increment from the appreciation of urban sites.

Mr. Harold S. Buttenheim has shown in a brilliant article in the February number of the *Journal of Land Economics* that these sources of wealth are not as significant now as they were when Henry George wrote his "Progress and Poverty". They still represent, however, sources of wealth of enormous magnitude and in many fields forms of exploitation that are bound to prove costly to the nation. They constitute an eminently fitting field of taxation and a field peculiarly appropriate for carrying

a portion of the burdens now resting on forms of property that represent the product of saving and industry.

2. Income Taxation. Inasmuch as a group of us, including Professor Blakey of Minnesota, Professor Groves of Wisconsin, Professor Jensen of Kansas, and Professor Martin of the Commission on Conflicting Taxation, have expressed our views on the scope of state income taxation, in a committee report recently published by the Tax Policy League,[1] I will not repeat our recommendations here. Suffice it to say, they advocate a greatly enlarged conception of the scope of state income taxation.

3. Inheritance Taxation. — Inheritance, in accounting terms, ordinarily involves the transfer of capital assets rather than receipt of income; but in the broad sense of sharing in the distribution of wealth it is income to the beneficiaries. Moreover, it is income of so fortuitous character and rests so largely on privilege conferred by positive legislation, that it is peculiarly appropriate for substantial contributions to public needs. And when the alternatives are taxation of property that represents the product of saving and industry, or of property that merely comes down through the channels of inheritance, it seems obvious that the latter can properly be asked to carry larger burdens than the former.

Of course, if the federal government absorbs an extreme proportion of all the revenue available from both income and inheritance taxes, the states will have to adjust themselves accordingly. But adjustment does not consist solely in relinquishing everything to the federal government; adjustment may consist in curbing some of the profligacies of the federal government.

In any case, under present conditions it would seem that these three fields embody areas of surplus income to which we should transfer a substantial portion of the burden that now rests on property, and particularly on real estate. And if this sounds too theoretical I may report that I have just come from Oklahoma, where the Brookings Institution has been engaged during the past year upon a survey of the state government, including a study of the revenue situation. This latter study I have had the pleasure of directing. Partly as a result of our study and partly as a result of the good sense that is characteristic of the people of Oklahoma, they have taken concrete steps in the three directions I have outlined. They have adopted a 5 per cent severance tax on oil and gas; have revised their income tax, increasing the maximum rate to 9 per cent (we had recommended 12 per cent); and have put through a complete revision of their inheritance tax, making it essentially an *estate* tax, with a maximum rate of 10 per cent (we had recommended 20 per cent). They have steadfastly refused to make any increase in their existing sales tax, which is a 1 per cent retail sales tax.

As a result of these and other measures, we have estimated that after the revised tax system gets fully into operation, property taxes will probably represent not more than 46 per cent of the total revenues of all governments, state and local. I submit this legislative accomplishment as a modest but very concrete step in the direction of "tax relief for real estate"—and in the direction of "taxation for prosperity".

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[1]The Place of State Income Taxation in the Revenue Systems of the States, Tax Policy League, 309 E. 34th Street, New York City.

Editor's Note. Address delivered before the Institute of Public Affairs, University of Virginia, July 10, 1935.

The Civil Service and the University Graduate

First steps in a career in public administration for college men and women

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Civil service examinations have long recognized college and university training in the scientific and professional fields. In order to pass the examinations a chemist must know his formulae, a bacteriologist his "bugs". College and university degrees have become recognized prerequisites for these branches of the public service. No one objects, because the consequences of any other policy are too obviously dangerous.

For many generations the public services of France, Germany, Holland, England, and other countries have made it possible for college and university graduates trained in economics, administrative law, or in the humanities also to enter the administration and to look toward responsible work. The British administrative class is the best known illustration to American readers.

The United States Civil Service Commission, recognizing the new administrative responsibilities which have been undertaken by the national government, is seeking to recruit a limited number of well trained college and university graduates of superior native endowment. The plan is to hold an annual examination for the position of junior assistant, at $1620 per annum. This examination will be open to graduates of colleges or universities of recognized standing who are less than thirty-five years of age. Appointments may be made from this register to any department, establishment, or agency which desires to use this source of recruits.

No group of positions is reserved for these college graduates and they receive no special favors once in the service. Their future depends entirely upon merit in free competition with others.

An examination of this type was held in October 1934, under the title of junior civil service examiner. Over 7,500 college graduates competed in a very difficult general intelligence-general information test. About half of these college graduates were successful, giving the Civil Service Commission a register of approximately 3800 persons, presumably including the best endowed and best equipped college graduates of recent years.

Every state in the Union and the District of Columbia is represented on the register. About half the successful competitors were less than twenty-five years of age. The number of men competitors was about four times as great as the number of women. Over two hundred competitors had received the M.A. degree, and between thirty and forty possessed the Ph.D. degree. The form of examination was intended to give no advantage to any specific subject of higher education, and inspection of the results seems to indicate that a graduate in English, philosophy, or

mathematics stood as good a chance of success as a graduate in economics, business administration, or political science.

The examination is not a new one, since similar examinations have been given from time to time as vacancies occurred in the examining division of the Civil Service Commission. The present register has, however, been more widely used, and as a bridge between the liberal arts, non-specialized college graduate, and the Washington service, it is performing a new function. It may readily become a means of selecting the limited number of college or university trained men who may be needed for the broader aspects of government work.

The present register was established in November 1934, and has been in force at the time of writing for about eight months. The records indicate that within the course of a year nearly five hundred appointments will be made from the junior civil service examiner register. Further experience will indicate whether approximately this number of appointments may be absorbed year after year by the federal service.

The register is maintained both in the customary form and also in "options", depending upon the major subject pursued by the applicant in his college course. Thus there are options in psychology, physics, literature, geography, and so on through the whole range of the college curriculum. Appointing officers have sometimes made their selections from the top of the general register, more frequently from the top of a special option.

The most popular options have been, in order, mathematics, economics, English, chemistry, political science, history, physics, and education. Mathematics and economics account for nearly half of the probationary appointments already made.

The departments and commissions which have made most extensive use of this register are the Department of Labor, the Division of Investigation of the Department of Justice, the Civil Service Commission, the Treasury, and Farm Credit Administration. This will indicate the wide range of potential use of this list.

The Civil Service Commission plans to hold this general type of examination every year, under the title of junior assistant. The need for men and women who will be successful in a very difficult competition of this sort will never be very great numerically, but it is likely that they will furnish a new element of substantial value to the civil service of the future. In any event, such an examination offers an opportunity for the ablest college graduates to get a start in some branch of the national administrative service, and thus meets, to a degree, the new spirit of interest in the public service which is running high among university men and women in all parts of the country.

Such an examination might well be announced for general utility purposes by those states which have the benefit of the merit system, and in Massachusetts and New Jersey and perhaps in other states, could be maintained by the state for the use of the cities and counties. This type of register, furthermore, is especially well adapted to cooperative management between the state commissions and the United States Civil Service Commission.

Trenton Continues Its Fight

Good Government League victorious at polls in election of first council under city manager charter

R. J. SAUNDERS

Former Chairman, Committee of One Hundred, Hackensack, N. J.

THE story of Trenton's fight for the adoption of the council-manager plan of government is incomplete unless it tells of the second half of the campaign—that to elect the members of the first council. The problem faced in selecting candidates, the stand taken by the Good Government League which sponsored the change in form of government, and the politicians' battle for control even after a decisive defeat in the referendum, offer lessons to those in other cities seeking betterment in their governmental systems that may well be studied.

It must be recognized that while the manager plan does reduce "politics" to a minimum in actual operation where care has been taken by the electorate in the choice of councilmen, its mere presence in a community cannot be expected to change human nature nor to kill in men long schooled in the great American game of politics the desire to seek public office. The motives of the office seekers may be varied—in some there is the sincere desire to serve the "peepul"; in others, the vain belief that they are particularly fitted to govern their fellow-men; while still more, having watched for years the apparent ease with which those in office have gained fame and fortune, take the glorious opportunity offered by upset of the old political crowd to cast their own hats in the ring and try for a seat on the "inside."

Witness what happened in Trenton!

One hundred and thirty-five petitions were filed for places on the ballot from which were to be selected nine members of council! And each petition required the signature of some one hundred and fifty voters—a voter, under the law, being permitted to sign nine such petitions only!

Practically before the ink was dry on the newspapers announcing the victory in the referendum, the candidates began to make their appearances. Even the "town drunk" armed himself with a legal looking document and went forth to get a sufficient number of supporters, presenting his petition bearing names such as "Mae West," "U. Takem Drink," "Joe Zilch," and a like ridiculous array of alleged signatures. Needless to say the petition was thrown out by the city clerk.

And the issues represented were likewise many and varied. Land of birth, religion and color, neighborhood and ward, were offered as the prime qualifications of some, while others promised jobs unheard of and to numbers untold. The relief problem and labor ran high and good old party lines were drawn by others in their efforts to gather signa-

tures to petitions and votes. Few, indeed, mentioned the real issues or offered constructive suggestions as to what they might do if and when elevated by the electorate to that high position on council. In fact, a surprisingly small percentage of those seeking the office of councilman under the city manager plan of government knew the first principles of the plan.

The Good Government League was not without its problem. When victory seemed assured a few days before the referendum, a meeting of the executive committee was called and a nominating committee appointed. It was to be the duty of this latter committee to scan the lists of the city's best citizens for suitable councilmanic material. Their intentions were of the best and they went to work with sincerity of purpose and high ideals. They considered the requirements of the office and the qualities to be sought in candidates. Eight men served on this committee and they were to submit their findings to the executive committee for approval, presenting twice the number of candidates necessary, the executive committee in turn to submit a final selection of nine to a general meeting of the workers.

After four meetings, however, the members of the nominating committee failed to agree and were discharged by the chairman. The matter of selection of candidates to carry the standard of the Good Government League reverted to the executive committee as a whole, and a meeting of that body was called for the day following the referendum.

Seventeen members of the committee convened and over fifty names were considered through three separate meetings with no decisive results. They faced that ever-present stumbling block, "vote getting ability," and the question of satisfying workers for the cause. Even in this fine group of men came up the question, too, of representation for the various foreign-born groups in the city and mention was made of due representation of the political parties in an effort to make certain the "vote getting" element. This argument continued until, a virtual impasse having been reached among the members of the committee, it was decided to call in the assistance of an outsider to bring the matter to a head.

CANDIDATES SELECTED

A special meeting was called late one evening and the writer asked to give his experience in other communities in the matter of choosing candidates. He offered examples of the methods pursued in Teaneck and Hackensack, N. J., and brought out the evils of the political methods used in Asbury Park, and stressed the fact that the committee's duty was not one of throwing a sop to this, that, or the other racial, religious, or sectional group—rather to present a list of candidates, all of whom could stand on their record as citizens, on their apparent ability to fill the office of councilman in the interests of the city as a whole, and who could be offered to the voters as true believers in the plan of government as adopted through the referendum.

A further suggestion was made that since many names had been submitted, the majority of them representing excellent material, the committee resort to the proportional representation method, each member casting votes for his first, second, and third choices, giving due consideration to the question of obtaining a "balanced" council representative of various fields of endeavor as well as classes of citizenry.

Eight candidates were finally selected satisfactory to the committee as a whole. The ninth position was filled by drafting William J. Connor, then chairman of the Good Government League, but who had, in common with other members of the executive committee, vowed against

his candidacy prior to the referendum in an effort to convince the people of the city that none of the original proponents of the form of government were seeking the change in their own interests.

The resolution containing this restriction was vacated by the committee to permit of Connor's candidacy and after several votes on the matter and an insistance on the part of his colleagues he finally accepted the nomination.

The Good Government League's candidates presented a fine list: an attorney, a retired business man and taxpayers' association official, a retired police officer of the highest standing, a manufacturer, an accountant, a banker, an active business man, a realtor, and a contractor. They ranged from a representative of the "high hat" section of the city to a "friend of the common people." They were all sincerely back of the city manager movement from its inception in the city and could be depended upon to make a sincere effort to carry out its principles.

PLATFORM SIGNED

A platform was then adopted, each candidate signing in evidence of his complete accord with its planks and copies with all signatures appended given not only to each candidate but to the new chairman of the Good Government League and to the Trenton *Times* which was in the thick of the battle and an important factor in the victory of the Good Government League. In the councilmanic election the *Times* carried a front page editorial urging citizens to "Vote the Nine". Since the *Times* is the only daily newspaper in Trenton, its support meant a great deal. The platform was as follows:

"A pledge to the people of Trenton by the candidates sponsored by the Good Government League:

"We, the undersigned, candidates for the office of councilman of the city of Trenton, New Jersey, at the election to be held on April 16, 1935, do solemnly pledge on our honor that, if elected, we will faithfully execute such office and will, to the best of our ability, strictly adhere to the principles hereinafter declared:

"First: To carry out faithfully and to the best of our ability the letter and spirit of the municipal manager law in every respect.

"Second: To engage as the city manager one who is not a resident of the city of Trenton, who is recognized as highly experienced in municipal government, with ability to successfully and efficiently administer the executive branch of our city government, and who is fully qualified to exercise and perform the duties required of him by law.

"Third: To recognize fully, without interference or usurpation, the duties, rights, and authority of the manager as provided by law.

"Fourth: To lower the cost of our city government by the adoption of policies and budgets which shall provide only for essential governmental expenses for useful services to our citizens.

"Fifth: To eliminate all extravagance, waste, and inefficiency from every department of the city government.

"Sixth: To make a careful study of the city finances, and to prepare a financial program which will be reasonable and within the capacity of the citizens to pay.

"Seventh: To recognize no mandate or interest other than that of the citizens, and in this connection we do declare and affirm that we have neither offered position, emolument, or employment of any kind whatsoever, nor promised pecuniary or honorary consideration to any person whomsoever.

"Eighth: To hold necessary conferences with the manager on public affairs, but to hold no secret sessions of council for business or to withhold public facts from the people.

"Ninth: To favor no individual, political party, organization, or corporation, and to conduct the city affairs impartially and for the best interests of the citizens as a whole, without regard for race, politics, creed, or other consideration than their equal rights as citizens.

"Tenth: To recognize qualification and merit as the sole criterion in the selection, compensation, and promotion of all city employees, and without regard to their political affiliations.

"Eleventh: To undertake no public improvements or legislation for expenditure of public funds until after the most careful investigation and study have been made; to plan public improvements so the benefited property shall pay according to the benefits received as provided by law; and to undertake necessary and needed improvements only after the legal number of citizens concerned approve the undertaking.

"Twelfth: To confer and coöperate with any and all citizens with the primary idea of securing the best results through an honest, efficient, and economical administration of public affairs."

With such a group of candidates, standing on a platform of such evident worth and with the League's organization still fairly intact, it seems inconceivable that anything but the election of all nine with high pluralities should have been attained. But let us consider some of the difficulties encountered by the League in its campaign for a good city manager council!

First, from its own ranks came howlings of a privately picked ticket, these howlings augmented by a group of the opposition which found its way into the meeting of the League's workers at which the candidates were announced. Next, a number of its members thought they had been slighted and promptly entered the field themselves with this or that claim for qualification. Third, the town's politicians cast aspersion on the ability of these nine candidates, "inexperienced amateurs," said they, to properly administer city affairs.

The campaign to elect the nine was left in the hands of the same "general staff" that had successfully carried the referendum. The slogan of "Vote the Nine!" was adopted. Newspaper advertisements were published as well as a "broadside" extolling the virtues of the nine candidates. Public meetings were arranged. Among guest speakers was the Hon. Murray Seasongood, ex-president of the National Municipal League and first mayor of Cincinnati under the council-manager plan.

A POLITICAL TICKET

The politicians, recognizing the strength of the League and its candidates, saw that a party ticket was doomed to defeat before it started. Finally, however, a ticket of nine, containing both Republicans and Democrats, was put in the field. This ticket was referred to by most people as the League of Nations ticket. It contained a representative of every nationality and section in Trenton and was a purely political ticket. It had an Italian, a Hungarian, a Pole, an Irishman, an Englishman, a Jew, and a German. Strangely enough, the only person on this ticket to win was the Rev. Oscar Henderson, an outspoken minister who had never mingled in politics before and who is both blunt and honest.

Then, the "friendship racket" was used and many candidates used their friends to line up for them as individuals with "bullet votes" or voting, if they so willed, for eight of the League's candidates, cutting only one to make way for "my friend". The religious issue was brought in and the neighborhood and "land of birth" questions dragged out, each, mind you, with the thought that the individual candidate

should be voted for and one of "the nine" cut to make room for him.

Last but not least, came the city employees! Fearful for their jobs and harassed by the politicians, seeking only a council that would keep them in their positions, the city employees aligned themselves against the very people who were paying their wages and endorsed a ticket of their own!

Work, work, and more work on the part of the League's "general staff!" Organization and more organization! Instructions to workers, automobiles for election day, money for workers who could ill afford to give of their time at the polls or in other capacities. Challengers and legal advisors for voters! Lunches, suppers, and midnight meals to the polling places where many worked from before seven in the morning until eight and nine o'clock the next morning! Then the "returns" began to come in.

From the "high hat" wards the results showed quite conclusively a careful and intelligent vote, destined to bring true city management to the city without regard for political affiliation, wild promises, or personalities. The League's candidates were winning. From the densely populated wards came another type of vote—reeking with the evidence of clannishness, of hopefulness, of promises of assistance, of bought votes! And generally, where it was known that the city employees held forth in strength came returns evidencing that "hard working" group's effort to hold their jobs and support those who would play the patronage game.

The results? Peculiar in analysis! Six of the Good Government League's candidates went into office. A "land of birth" issue had upset one. An overzealousness on the part of another had brought about his defeat. The third lost out for the quite simple reason that he was at the bottom of the list of the League's nine men and was the one most logically cut in favor of the personal choice crowd!

And of the opposition elected—let's look the thing squarely in the face: one got there because he was of the old crowd, the only one of the ex-commissioners to run, and had, quite obviously, the support of the job-holders and the patronage crew; another, because his managers spent good money to get him there; the third, it must be admitted, was a fine candidate and won his election on merit and merit alone!

The Good Government League won a fine majority on council but a further analysis brings out the fact that it should have won all nine places. What was the trouble? What the cause of the wide-spread voting? Part has been answered—there were too many candidates! It needs more consideration, however.

First, perhaps New Jersey's law needs amending to make requirements for candidacy a bit more exacting. Second, the League, itself, perhaps, should have been more exacting in its choice of candidates. Third, a longer and stronger education of the people in the matter of their responsibilities in selecting councilmen should have been carried on!

THE RESULTS

And what of the aftermath? A month or more has elapsed since the new council took office, two months since they gathered to organize themselves as Trenton's new governing body under a new form of government.

As may have been expected from the results of the election the councilmanic voting is split six to three! The League's candidates, now councilmen, are adhering to their platform pledges and working for real city management. It was their vote that brought an excellent manager—Paul Morton—to the city hall. It is their insistence that is calling for speed in reorganization of the city's department. It is their vote

that is placing in the city's key positions ably qualified men, sincere in their belief in the council-manager plan. It is their vote that is upholding the new municipal manager in his steps to consolidate services, remove the laggards and sinecurists from the city's payrolls, in his eighteen hour-a-day job of bringing efficiency to the city government in as short a time as possible!

And the League must carry on, too! It must remain a force in the city to back up these six men on council and to be ready to fight again to hold them in office when the politicians feel the time is ripe to spring a "recall" on them! No easy job, this holding a citizens' group together.

Shortly after the election, Chairman Martin Devlin, Jr., called his executive committee together. He laid before them the plans for a permanent organization and minced no words in telling them of the problems to be faced. He brought out the fact that among them and the general run of membership would be hosts of jobseekers—men and women who sincerely, in most instances, thought themselves qualified for city positions and who, because of failure to succeed in obtaining other employment now turned to the leaders of the cause they had espoused to get them on the payroll. Not a few are preaching the gospel "to the victor belong the spoils!" Devlin will have none of this!

His fight for a permanent organization is based on the fact that "good government" is what was fought for and what will come to the city through the efforts of City Manager Morton, the League's councilmen with backing from the civic-minded citizens in the League, and the campaigning of the Trenton *Times*.

And another problem already presents itself! A possible vacancy on council if charges now alleged are substantiated against one of that board! The law of the state calls upon the remaining members to appoint a successor to serve until the next general election at which time the people will elect a councilman to fill the unexpired term of the one removed or resigned. The fight will be on again! More candidates in the field —but the league must be ready to function to add to its majority on council and forever keep up the battle for "good government."

And advisory committees of citizens will be needed. Educational work in municipal government must be carried on. A "complaint headquarters" and an "open forum" should be established. Where better than through the medium of the Good Government League—a permanent organization? Where are the candidates of the future to come from —where are they to learn the principles of municipal management?

The League MUST carry on!

In summarizing the story of Trenton's adoption of the council-manager plan, and at the risk of repetition of remarks in the previous article, these points are brought out:

That city, in common with hundreds of others throughout the United States, suffered the ills of an antiquated form of government—inefficiency, graft, mismanagement, boss-control, patronage, high taxation. One man had the temerity to arouse the citizenry against the bosses. A small group studied the situation and saw "the way out" through municipal management. A non-partisan, non-political citizens' organization, through concentrated effort and organization, brought about the overthrow of the old system and cast out the old political crowd. The citizenry recognized its responsibility in government to itself and its fellow-citizens.

Editor's Note: This is the second of two articles by Mr. Saunders on Trenton's campaign for city manager government. The first appeared in the June issue of the REVIEW.

County Government and Medical Relief

What constitutes adequate medical service for indigents and how best to make it available a knotty problem for county officials

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AFFORDING relief to the indigent has been a function of local government for centuries. The common law of England definitely placed responsibility upon local government and to a large extent it has remained there ever since. In effect the old common law fixed a standard of relief that I will call a brutal minimum. People were not to be allowed to die of starvation or exposure. It was up to local government officials to see that they did not. That was indeed a brutal minimum—but nevertheless that concept is the foundation of all public relief. Of course, people could be kept alive and sheltered like swine, and not infrequently they were. The tales we hear of the old time workhouses, to say nothing of prison ships and slave camps, shed an unsavory light on the possibility of meeting that brutal minimum standard though violence be done to all the dictates of humanity.

But we have made a lot of progress since those days. Civilization has long demanded something more than a brutal minimum. We are concerned with standards of decency, and have developed ideas of "adequate" relief. Elementary requirements obviously are measured in terms of food, clothing, and shelter. It is not enough to provide indigent people with just enough food to keep them alive—they should have enough to keep physically fit. It is not enough merely to cover nakedness with rags—people should be clothed with decent garments. It is not enough to shelter people in hovels or dark and loathsome structures—they must be provided with living quarters where decent standards of sanitation and comfort can be maintained. Measured in terms of food, clothing, and shelter it is comparatively easy to arrive at some pretty definite objective standards of what is *adequate* relief.

But inevitably we come to the question of health. Any civilized standard of well being must take account of health. Thus, to afford truly adequate relief, the health needs of the indigent must be considered. Formerly the health needs of indigents were recognized only in tragic emergencies or when the progress of disease had been so great that little could be done. Today civilization is demanding that in giving relief to the indigent we afford him medical care in accordance with his needs, just as we afford other kinds of relief in proportion to need.

This concept is plain enough and thoroughly sound; but immediately we run into some very difficult and baffling problems. In the first place, when government undertakes to provide medical care it must turn to a group of people who are specially trained to give

it—to an organized profession. This is not true in connection with other kinds of relief. Although the value of specially trained social workers has come to be clearly recognized, government is not wholly dependent upon a private group of professional men to administer relief in terms of food, clothing, and shelter, as it is when it comes to administering relief in terms of medical care. In fact, local government officials can handle the former themselves, in person, and have done so for centuries. But in connection with medical care government is forced to do one of two things: employ physicians and view them frankly as government employees, or else strike a bargain with private physicians to take over the task. Neither has been satisfactory.

VALUING MEDICAL SERVICE

In the second place there is no satisfactory measure of the value of medical service. Many private physicians would deny this and point to the schedule of fees charged in private practice. But those fees are not a defensible measure of the physician's service—and never were—even in private practice. It is possible to determine the value of a sack of potatoes or a ton of coal, but how much is the doctor's visit worth? In one case it serves no purpose at all—it is a wild goose chase; in the next case his visit saves a life! Government is completely at sea in trying to budget a service that has no objective measure of value. County governing boards are struggling with this problem everywhere and are resorting to all kinds of makeshift arrangements to meet it. In very few places have they succeeded.

The fee system has worked tolerably well in private practice because of what I will call the curb of self-interest, which operates to restrain the would-be patient. Realizing that he will have a fee to pay even if the doctor's visit proves to be wholly unnecessary, the doctor is not called nearly so often as he otherwise would be. Remove the curb of self-interest, represented in the obligation to pay a fee, and how many more useless calls would the doctors have to make? No one can tell. But we are beginning to get some light on it in connection with relief cases. County officials are keenly aware of the fact that when government pays the fee, and the curb of self-interest is removed from the patient, the patient expects a great many more calls. Hence county government officials flatly refuse to pay the fees that prevail in private practice. In most communities the doctors have tacitly recognized the problem by reducing their fees for public relief cases; but many of them still think government should pay the market value of their services.

Furthermore, the problem is complicated by the fact that there is no satisfactory objective measure of what constitutes "adequate" medical care. Government can arrive at very definite standards of adequacy with respect to tangible things, and refuse to provide more than is truly adequate. But they cannot do that with respect to medical care. Who doesn't need glasses? Many county officials would answer "nobody," when they ruefully check over the endless string of applications that come from families on relief. What is adequate care of a chronic case of pharyngitis or many another ailment? Again, the curb of self-interest operates as a restraint in private practice. Remove that curb and there would seem to be no limit to the things the doctors can do to make people feel better. In desperation county officials try to put the brakes on in some way—only to encounter the wails of the patient and the complacent dictum of the physician that laymen cannot be relied upon to determine the need for medical attention. This wholly subjective standard of

adequacy, clearly exhibited in the clamour of patients who do not have to pay for their own treatment, leads county officials to be close-fisted, angry, and desperate. Hence universal quarreling with physicians, and protests from taxpayers about the cost of medical care.

There is still another difficulty. Variation in need is enormous. It is almost impossible to be objectively "fair" toward all applicants. And this circumstance has the county authorities in hot water all the time. Some medical cases require hundreds of dollars of expense and months of treatment, other cases almost nothing. How be fair and impartial in dealing with such cases? County authorities feel compelled to yield in emergency operative cases—as of course they should—but are inclined to be close-fisted with expensive chronic cases, even when the need is perfectly obvious. Officials yield to those who are most importunate, and thus are open to charges of favoritism. It makes for dissatisfaction and recrimination on the part of county officials, doctors, and patients.

These are some of the reasons why the problem of medical care of people on relief is such a difficult one to solve and is now causing so much trouble. What are some of the ways in which counties are trying to solve it?

THE COUNTY PHYSICIAN

The old-fashioned way is to employ a county physician. The county governing board strikes a bargain with some physician to serve in this capacity. His duties usually are to call at the jail and the poorhouse at stated intervals and perhaps to serve in coroner's cases. In addition he is supposed to be at the service of the people who are on relief. The system never did work very well, even though it was used almost universally. Usually the county physician was far from being one of the leading members of his profession. Quite often the contrary was true. Sometimes he was a man who had been a failure in private practice. Oftentimes he was mercenary in a shamefully petty way, and bullied his unfortunate patients out of what small change they might possess. Many times he was a most unprepossessing character personally and was heartily disliked and distrusted by his helpless patients. Very often he was extremely negligent, rude, gruff, and unsympathetic, and violently resented being called, especially at night. In brief, the portrait of the typical county physician of the last century is not a pleasing one. And I am not at all unmindful of some generous and splendid characters who have served in this capacity.

On the other hand, it must be appreciated that many of the county physician's unattractive qualities were cultivated in self-defense. The only way to protect himself from having to make many needless calls was to be gruff, disagreeable, and unsympathetic. Otherwise he would be overwhelmed with demands for his services. Furthermore, no county physician ever believed himself to be adequately paid; and probably no county physician ever was, if he actually cared for his patients as the ethical standards of his profession require him to do.

Experiences of the last century unquestionably point to the conclusion that the idea of having a county physician on a part-time basis is wholly bad. In this day particularly, when the medical load has come to be so much greater than it ever was before, the old system is hopelessly unsatisfactory. Added to the old familiar abuses, multiplied manyfold, is the fact that in this day of specialization no one

physician ought to assume responsibility for all kinds of cases. The good doctor will not do it. The poor doctor should not be allowed to do it. Furthermore, indigent patients want some freedom of choice in the matter of selecting a doctor, and no doubt the demand is reasonable.

In counties where the load is great enough to require the full time of at least one physician it is possible to employ someone on a flat salary basis and get a first class man. It would seem to be necessary to commandeer his full time if the evil of neglecting the indigent cases is to be overcome, for the temptation to take care of a private practice and neglect the indigent cases, is almost more than human nature can resist.

FIXED CHARGES FOR SERVICES

Another way of meeting the situation —a way which the doctors themselves usually prefer—is for them to agree upon a schedule of fixed charges covering a large variety of familiar medical services. Such schedules are not used in private practice because of the universal acceptance of the fee system; but it is possible for doctors to list a large number of ordinary, familiar services and to agree upon a fixed charge for each service. These charges are substantially lower than what they receive in private practice and they do not ordinarily like to have the schedule made public. But those doctors who agree to the schedule then hold themselves ready to render service when called, and turn in their bills to the county in accordance with the schedule thus agreed upon. This scheme has merit. The patient has many doctors from among whom he can choose. If the doctor is very busy, he can refuse to go with a fairly clear conscience, knowing that many others are available. Each doctor gets paid for just what he does, and the pay is not high enough to tempt many of them to make unnecessary calls.

However, the plan has serious weaknesses. Chief of them is that patients tend to run up calls at a tremendous rate. There is no one to interpose restraint. Though the doctor may not be getting rich on these calls, the scheduled charges are high enough so that he does not apply the crude repressive measures so often resorted to by the county physician on a fixed salary basis. Medical relief costs mount very rapidly and hence county officials do not like the scheme. And there always seem to be at least one or two physicians in a community who are not above running up an outrageous number of needless calls in their spare time for the sake of the fees to charge up to the county. Any county board that adopts this scheme is likely to regret it, and to find the situation getting out of hand.

LUMP SUM CONTRACT

Another method is for the county medical society, as a group, to enter into a contract with the county governing board to care for all indigent cases for an agreed upon lump sum. The doctors apportion the sum amongst themselves in their own way—and as a group agree to take care of all indigent cases. This is an attractive way out for the county officials. They can budget this sum and are relieved of all worries. But under this scheme the doctors, or some of them, are very likely to get the worst of it. It seems to be almost inevitable that the doctors will under-estimate the load, and will agree to a lump sum that will leave them badly in the hole. One reason why doctors tend to under-estimate the load is that a given number of families in private practice do not call for as much medical service as an equal number of families on relief, getting free service. And if they do estimate the load some-

where near what it is really likely to be, the sum is so large that the county officials are frightened off and seek to solve the problem in some other way.

This situation is well illustrated in numerous counties in the state with which I am most familiar. In one county of about thirty thousand population the medical society contracted to care for the indigent cases for one year for three thousand dollars. The load turned out to be something over four thousand calls, two thirds of which were office calls; and 184 operations, fifty-one of which were major. The doctors kept records and the three thousand dollars was distributed to them in accordance with the calls made and operations performed. Obviously the doctors were badly imposed upon. Until that year no one had had the slightest idea of what the medical load really was in that county. This year the doctors are demanding a much higher lump sum and the county officials are refusing to sign a contract.

An interesting side light on the situation is that the doctors are very suspicious of certain of their fellow practitioners whom they believe made needless calls in order to chisel into the lump sum available to all of them.

If this county had been using the schedule of fixed charges described above, the cost to the county would have been about nineteen thousand dollars! Realization of that does not make the doctors very happy.

So the lump sum contract system has its drawbacks. It does not get away from piling up needless calls, nor does it put a curb on the chiseler. Otherwise it has advantages.

In several counties the doctors took their lump sum and, in a benevolent, broadminded, and expansive mood divided it equally among themselves, complacently agreeing to make all calls that came to them. This was done in several counties before any experience had been had with the scheme. It may be said that while there are still some doctors who are speaking to each other in those counties the atmosphere has become very tense! Inevitably it happened that a few good natured and conscientious doctors did all the work! Others, with their share of the lump sum in their pockets, shirked calls that came to them or made themselves so disagreeable to patients that they did not have many calls. Needless to say, that method of distributing the lump sum is falling out of favor.

A modification of the lump sum idea is being worked out in some counties. One great difficulty—as pointed out above—was that of estimating the load for a year. These counties have hit upon a flexible rule. They take the number of families on the relief rolls for the preceding month, and the doctors agree to a lump sum for the coming month on that basis—so much per family on relief. It remains to be seen how this will work out. The doctors will distribute the sum amongst themselves in accordance with calls made. The scheme will not stop the chiseler and it puts no curb on the patients. Perhaps those problems are insuperable. But it does give the doctors a chance to increase their charges as the load increases.

The ever mounting load is a serious problem. Many people on relief seem to be insatiable, and the relief administrator has difficulty in curbing their demands. The relief administrator can measure out adequate food, clothing, fuel and shelter and then boldly call a halt. But who can take the responsibility for refusing to allow a person to have the ministrations of a doctor? A slight ear-ache may develop into a fatal mastoid infection. A bit of seeming indigestion may end up in a ruptured

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Kentucky Gets a Primary Law

Governor's forces victorious in legislative fight on nomination measure

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With three governors, an order calling a special session of the general assembly, another order revoking that call, and a court order restraining the revocation—all within forty-eight hours—surely Kentucky has earned a respectful attention for its legislative methods, if not for their results. On February 6, after Governor Laffoon was safely in Washington, Lieutenant-Governor A. B. (Happy) Chandler, a fellow-Democrat but political foe of the Governor, issued a call for a special session of the general assembly, to convene on February 8, for the purpose of drafting a compulsory primary law. Late that same evening Acting-Governor Chandler departed for Indiana, leaving the acting-governorship to State Senator Humphreys, president pro tempore of the senate. Acting-Governor Humphreys served until 4:10 the next morning, at which time Governor Laffoon breezed across the Kentucky border on his way back from Washington to untangle the internecine *coup d'etat*.

Simultaneous with his arrival in the state Governor Laffoon issued an order revoking Acting-Governor Chandler's call for the special session. It stated that the "call" was "null and void, no extraordinary occasion having arisen," and further explained that Chandler's action was merely "to serve the interests of certain selfish politicians instead of the best interests of the commonwealth."

But Acting-Governor Chandler had anticipated the wrecking plans of Governor Laffoon, and had already prayed the Franklin circuit court, through the petition of Citizen John Gatewood, to grant an injunction restraining the Governor from revoking his "call" for the special session. This prayer was answered by the court, very early on February 7. Copies of the restraining order were served, only a little later the same morning, on the Secretary of State and Assistant Secretary of State Wilson. An attempt by the deputy sheriff to serve the Governor was unsuccessful.

From the press account of the "service" in the office of the Secretary of State it appears that the servers, to make doubly sure that their work would be effective, asked about the Governor's revocation order, and were assured that the office had no knowledge of such an order. But immediately after the service of the court's restraining order the servers were shown an attested copy of the Governor's order revoking Chandler's call for the special session. The revocation was signed at 4:10 central time, and attested by the same Wilson, Assistant Secretary of State, who after a fast trip had boarded the Governor's train shortly after it crossed the Kentucky border.

But the real story started some time before the call for the special session. There has been a wide open split in the dominant Democratic party for some time. Last spring both the sales tax and the primary law were issues on which the respective factions tested their strength, and Laffoon's administration forces won. After that came a renewed demand from the insurgent forces, led by Lieutenant-Governor Chandler, for a party primary to replace the convention method of nomination for state officers. The conventional reasons were given for the primary, and that issue was linked with the Governor's successful fight for the sales tax—both things were meant to oppress the ordinary citizen, financially and politically, for the benefit of the "interests" on the one hand and the politicians on the other.

The situation was further complicated by the fact that the insurgents were able to attract Washington's support to their side of the primary fight. They held a large and successful dinner-demonstration in Louisville at which the Governor and his satellites were condemned for everything but the depression. Bi-partisan control of the state government, led by the Governor at the behest of the utilities-race horse-distillery interests, were laid bare by both Democratic and Republican representatives in the state legislature.

Finally the test came at a meeting of the Democratic state central and executive committees in Frankfort on January 28. Washington had two good reasons to feel chagrined at its Democratic cohorts in Kentucky, and took this occasion to express itself. In the first place the administration-controlled legislature had defeated a measure providing for state enforcement of the NRA codes; and in the second place, it had refused to ratify the child labor amendment even after Secretary of Labor Perkins had journeyed from Washington to explain that measure to the Kentucky fathers assembled.

Here was a chance for the administration at Washington to crack back at the Democratic regulars in Kentucky, and it seized the opportunity at the eleventh hour by the public announcement of Postmaster Farley that the primary in Kentucky was "the Democratic way." This announcement, two days before the committee vote on the question, was followed by the sudden return of the senior Senator Barkley from Washington to Frankfort to defend the primary method before the joint committees. "Barkley Believed Roosevelt Spokesman" made the situation clear. The most that was accomplished was to put the final vote in doubt, whereas it had been a foregone conclusion in favor of the convention method prior to the "suggestion" of Farley and the pleadings of Barkley.

The same day the committee voted for the convention plan thirty to twenty and set the dates for the state and county conventions in May.

This, then, is the background of those hectic days of February 6 and 7, and the interesting legislating that followed. Friday, the 8th, at noon, was the hour for the special session. At nine that morning the question was being asked all over Frankfort as to whether troops would prevent its assembling. No one in the capitol offices visited knew whether the legislature would meet, nor when, nor where. In fact there was not much desire to talk about the subject. After all, they were public servants and not interested in politics. Going from the capitol building to the hotel headquarters of the Chandler forces one found the same uncertainty in the air, but with plans being worked out to take care of eventualities.

Since it was impossible to be both places at the same time, the house of representatives was picked out as the better place to watch the opening of a "rump" parliament because of the fact that it had no officially recognized leadership among the insurgent group, all the house officials belonging to the Governor's faction. In the senate, Lieutenant-Governor Chandler could be depended on to steer the affairs of state.

The roll was called by an acting clerk, acting for an acting chairman, both functioning from the lower dais as if not sure of themselves. The number "present" being less than the fifty-one majority, after considerable argument from the floor, the chairman gave it as his opinion that the assembly could do nothing more than adjourn until the following day under the house rule of five members. At this point, Lieutenant-Governor Chandler returning from his organization meeting in the senate, took charge of affairs in the house. A different member of the house took his position on the higher dais and proceeded with another attempt to organize that body. An acting secretary and an acting chairman were duly and unanimously chosen by the Chandler forces which had overwhelming control of the number present. During these proceedings a powder flash-light in the balcony caused a culmination of the tension which was easier to appreciate than describe. Organized, the house adjourned until the following day, when it was hoped that a quorum would be present. The senate procedure was similar but less confused, due to the Chandler leadership. But it was not until six days later that quorums were obtained in both houses, the delay costing the taxpayers between $1500 and $2000 per day.

From the dais of the Lieutenant-Governor in the senate the interplay of bitterly opposed forces on that "quorum" day was an extremely interesting study in political psychology. After quarrels over the rules, the number of employees, and even over the question as to whether the ministers were to be paid for their opening prayers, the now-expected bills were introduced. The Chandler bill for the single primary followed the Governor's bill No. 1 which called for a double or run-off primary. Both bills were reported back favorably by different picked committees favoring the opposing forces.

The Governor, in an hour and a half speech to the two houses, explained his change from the convention to the run-off primary idea as against the single primary by showing that the run-off was more democratic, and insisting that if it was more costly it would at least put more money into circulation which would be beneficial in fighting the depression. The Governor's speech was reported as being extemporaneous, and devoted in considerable part to a justification of his administration. On the question at hand he is quoted in the press as favoring a "primary bill when under it the nominee will be selected by the majority . . . if you don't want that, then you're not fair." He assured the legislators, further, that he was "for everything that is right against everything that is wrong."

The Governor's forces won on the final vote for Bill No. 1 and Kentucky secured a run-off primary law which will be put into effect as an emergency measure.

(Continued on page 498)

NEWS OF THE MONTH

NOTES AND EVENTS
Edited by H. M. Olmsted

Call for Constitutional Convention in California Thwarted by Legislature.—California will not have a constitutional convention for some time to come; it is indeed a travesty, for at the general elections in 1934, a majority of the people of the state of California voted in favor of a proposal that a constitutional convention be called and that the legislature provide for the date thereof and other procedural incidents. Nevertheless, at the 1935 session of the California legislature, just ended, the representatives refused to pass a bill providing for a constitutional convention, giving as their reasons for this flaunting of the will of the people that this was no time for such a serious matter, that there are too many radical notions in the minds of the people, and so forth.

And so the people of California will have to abide by the decision of 120 individuals, comprising our legislature, which decision is directly contrary to the will of the majority of the voters of this state. One saving feature of the situation is that the legislature was divided upon this question, about two to one.

A. Edward Nichols

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Recruits to Interstate Coöperation.—Establishment of official agencies of interstate coöperation in twenty-three of forty-four states in the last four months of their legislative sessions is noted as an encouraging approval of the "talk it over with your neighbor" method of dealing with interstate problems by *State Government,* magazine of the American Legislators' Association. Pennsylvania and New Hampshire are the newest to join the list of seven states which have set up permanent commissions on interstate coöperation. In addition, sixteen other states have appointed legislative standing committees for this purpose.

New Jersey was the first to answer the call for such agencies, made by the Interstate Assembly in March 1935. Next came Colorado, Nebraska, North Carolina, and Florida. New Hampshire, on the last day of its 1935 session, became the first state to create such a commission by law, the other permanent commissions having been created by joint resolution.

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Improving Pension Practices of New York Cities.—The New York State Conference of Mayors, completing a three-year survey of the pension practices of cities in the state, finds that not one of the seventy municipal funds studied had enough money in it to pay pensions of all the policemen and firemen eligible for retirement. One city had only 17 per cent of what it needed to meet all obligations.

A number of cities have profited by the findings, and are placing their police and fire pension funds in the New York State employees' retirement system. In others, city officials are requesting that the pension surveys be brought up to date, and the mayors' conference is arranging for a permanent system of authoritative actuarial consultation on local pension problems without cost to the municipalities.

The New York Conference of Mayors predicts that, within the next five years, practically every local pension fund will have been placed on a sound actuarial basis by

local action or will have effected a solution of the problem by entering the state retirement system or by providing for the eventual extinction of local funds by barring all new entrants.

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Municipal Officials Plan Important Conferences.— The twenty-second annual conference of the International City Managers' Association is to be held in Knoxville, Tennessee, October 21-23. An activity and financial report of the association, for the year ended June 30, 1935, gives the membership at that date as 299 city managers and 179 non-manager members. The number of manager members equalled the previous high mark; non-manager members have fallen off. The report stresses the launching of extension courses in municipal administration as a major new activity of the association.

Other important groups of municipal officials now planning conferences are:

Civil Service Assembly of the United States and Canada, meeting at Milwaukee September 26-28; American Public Health Association, Milwaukee, October 7-10; American Society of Municipal Engineers and International Association of Public Works Officials, joint conference, at Cincinnati, October 14-16; Municipal Finance Officers' Association, Knoxville, October 21-23; and American Municipal Association, Knoxville, October 21-23.

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Council-Manager Developments.—Nine cities have adopted the plan since January 1, 1935, and several other cities have set referenda dates some time before the end of the year. The cities that have adopted the plan are Ashland, Maine (2,198); Grayling (1,973) and Rockford (1,615), Michigan; Troy (1,898) and North Troy (1,045), Vermont; Trenton, New Jersey (123,356); West Hartford, Connecticut (24,941); and Wheeling, West Virginia (61,559). The cities and counties which will vote later in the year are Saginaw, Michigan (80,715), October 1; Eastport (3,466) and Richmond (1,964) Maine, September 9; and Cuyahoga (1,201,455), Hamilton (589,356), and Lucas (347,709) Counties, Ohio, November 5. In Des Moines (142,559) and Sioux City (79,183), Iowa, educational publicity campaigns have been inaugurated with a view toward securing a vote on the adoption of the plan this fall. The Taxpayers' League of Kentucky is urging cities in that state to adopt the council-manager plan.

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American Planning and Civic Association Results from Merger.— The American Civic Association and the National Conference on City Planning, at a joint meeting in Washington, D. C., on July 1, merged into a new organization, the American Planning and Civic Association.

The purposes of the new association include the promotion of public understanding and support of national, regional, state and local planning for the best use of urban and rural land, water and other natural resources; the advancing of higher ideals of civic life and beauty in America; and the safeguarding and development for the largest good to the people of natural wonders and scenic possessions and of national and other parks and recreational facilities.

The program of the American Planning and Civic Association consolidates the educational planning work which has been carried on for the last quarter of a century by each of the two merging organizations. The American Civic Association, which was organized in St. Louis in 1904, has been a pioneer in advocating and interpreting planning and zoning for cities, towns, and regions. It has worked unremittingly for the restriction of outdoor advertising, has played an important part in programs for roadside improvement and in the movement for local parks, parkways, and playgrounds.

The National Conference on City Planning was organized in 1909 in Washington, D. C., to promote the cause of city planning. It has held a conference each successive year devoted to discussion of some phase of planning. The former offices of the conference which were located in New York City will continue to be maintained as branch headquarters, but the main office will be located in the Union Trust Building, Washington, D. C., the former headquarters of the American Civic Association.

The annual publications of the two associations, which were the *Proceedings of the National Conference on City Planning* and the *American Civic Annual,* will probably be issued as one volume. The two organizations have joined forces in the publication of a

quarterly entitled *Planning and Civic Comment* which will combine the former *City Planning Quarterly* and *Civic Comment*, the bi-monthly magazine of the American Civic Association.

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National Association of Attorneys General Establishes Secretariat in Chicago.—Attorneys general of the forty-eight states will establish a clearing house of legal opinions in Chicago in the fall, in the form of a secretariat of the National Association of Attorneys General. It will be set up in conjunction with the Council of State Governments, of which Henry W. Toll is executive director. This action was suggested three months ago, when the National Association of Attorneys General held its first regional meeting in history at Hartford, Conn., to consider interstate compacts and administrative agreements among the eastern states.

The move is seen as evidence of a closer working union of the state officers whose job it is to untangle legal conflicts between the states and their residents. Especially important is the possibility of the attorneys general supplying needed advice and assistance on the legal aspects of regional compacts and interstate agreements on crime control, parole, and probation.

The secretariat will be located at 850 East 58th Street, Chicago, along with the headquarters of the Public Administration Clearing House, the American Legislators' Association and fifteen other organizations of municipal and state governmental officers.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

New Jersey—County Planning Bill.—The recent session of the New Jersey legislature passed only one important bill dealing with counties. This is the new county planning act (P. L., 1935, Ch. 251) which has been passed after four years of effort by the county planning interests of the state. This new legislation supplants the inadequate act of 1918 which was merely permissive and provided no "teeth", nor tools with which county planning commissions could carry out their work. The new act remedied one other weakness in the 1918 act by providing for freeholder representation on the planning board.

In addition to empowering and defining the duties of county planning boards, the bill contains one new provision of special interest to municipalities, the authority to create joint municipal planning boards. Under these sections (Nos. 9, 10, and 11) any group of adjoining municipalities or municipalities and counties may join in the creation of a single regional planning board with functions and duties corresponding to the planning boards of single municipalities. This provision should be especially beneficial to the metropolitan and shore resort districts of the state.

The new law takes a step in the right direction, but hardly goes far enough for fear of injuring the sacred principle of home rule, when it gives county planning boards the authority (Sec. 7) to review and report on all sub-division plats prior to the approval of said plats by the local authorities. The difficulty that county planners will experience under the new law will be in their inability to prevent a municipality from taking action which wrecks a part of the well laid plans for the larger district of which the recalcitrant local unit is but a part.

Charles R. Erdman, Jr.
Princeton University

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Wisconsin—Consolidation of Counties Now Permissible.—The Wisconsin League of Women Voters has been successful in securing passage of the county consolidation bill. It has been signed by the Governor and is now Act 332, Statutes of Wisconsin. The act provides that any two or more adjoining counties may consolidate, by a majority vote of the electors of the counties involved, on submission of the question by action of the counties' governing boards or on initiative petition of 20 per cent of the voters.

A substitute amendment which would have emasculated the bill required that 51 per cent of the voters sign the petition; approval of the next legislature after the referendum had been held; and a period of ten years to elapse before the question could be submitted a second time if it were defeated. The League was fortunate in securing passage of the original bill.

At present it looks as if two counties,

Buffalo and Pepin, will immediately begin proceedings for consolidation following the steps outlined in the new act.

Mrs. Frederic A. Ogg
Wisconsin League of Women Voters

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Virginia—Election in Henrico County.—Henrico County (containing the city of Richmond), which has been thriving under the manager plan since January 1934, is in the throes of a campaign for the nomination and election of a new board of supervisors. A summary of the Henrico County audit, recently completed by T. Coleman Andrews & Company, is being used by the advocates of good government as convincing evidence of the efficiency and economy the county is enjoying under the manager plan. Voters are reminded that an audit by the same firm prior to the adoption of manager government showed much waste and inefficiency, and are urged to abstain from voting in the primary and to support the candidates of the Henrico Citizens' League in the November election.

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Tennessee—No County Reorganization Legislation.—The extra session of the legislature adjourned in August without action upon measures for county reorganization. A bill sponsored by the Tennessee Taxpayers' Association, based upon the North Carolina county fiscal control statute, would have provided for qualified accountants, orderly, uniform accounts, budget boards, and the usual mandatory requirements upon all counties. Supervision was to be nominally by the state commissioner of finance and taxation, and eventually a division of local government would have been developed. Failure of this bill occasioned no surprise. While the taxpayers' group was successful in its partial audit and survey of the state government, legislators were either lukewarm or opposed to interference, even though harmless to their counties' independence, that this measure seemed to threaten. Readers of this column will realize that in political and governmental matters Tennessee is scarcely a state. It is a loosely federated union of independent counties. The small number of younger members who were mildly interested in county reform lacked either the trading facilities, or the cohesiveness to break the last minute log jam of the session.

Governmental Candidate for County Fiscal Reforms.—It is of interest to note, however, that Senator George H. Cate, sponsor and doughty fighter for both state and local renovation, cast his hat in the ring for governor in 1936. He was one of the group that battled for the bills designed to clip the wings of fee-grabbing justices of the peace in the regular session. One of the announced planks in his platform is "a statute providing for county bookkeeping and accounting systems with an annual audit by state auditors". Since a general law of this nature is already in existence, it is believed that the senator will favor more rigid scrutiny of county affairs.

Delinquent Privilege Tax Collections.—The state highway patrol recently has been active in a "mopping-up" campaign for delinquent privilege taxes. While the patrol under 1931 laws need not defer to local officials, many county court clerks have requested the aid of the highway unit to bolster up collections. In the period January 1-July 15, thirty-one counties were covered, with resultant $156,588 in taxes and $8,250 in penalties received, plus the issuance of 2,654 new licenses. In numerous cases, delinquents were neither insolvent, nor were their regular licenses unpaid. Well known utilities and other large commercial establishments accompanied the small marginal concerns. Many had escaped payment of multiple licenses for years. With the two largest counties remaining to be probed, it will be seen that approximately $450,000 is collectible. This brief experience with state coöperation reveals local inefficiency, and would seem to point the way to a wider extension of state collections or eventually complete state assumption of this activity.

Hamilton County Survey.—Griffenhagen and Associates of Chicago have completed an audit-survey of Hamilton County. The auditors have concentrated attention upon fiscal procedures, and their recommendations have been submitted to the county judge and court. A comprehensive budget law applicable to this county was drafted by the staff, but owing to opposition from local authorities, the legislative delegation did not enact it. No immediate action upon the recommendations is expected, but changes based thereon, where

they will not infringe upon the powers of the existing administration, are quite apt to be adopted in piecemeal form.

FRANK W. PRESCOTT
University of Chattanooga

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Missouri—Shifting Relief Expenses to State.—Two bills shifting relief expenses from the counties to the state were passed recently by the Fifty-eighth General Assembly of Missouri and approved by Governor Guy B. Park. Both laws will become effective in September 1935.

A law transferring from the counties to the state two-thirds of the expense of maintaining indigent insane patients in state hospitals was passed by overwhelming majorities in both houses. It represents a compromise between those who wished to shift the entire burden and the recommendation of the Governor that the state pay half of the expense. (See my note in Vol. 24, No. 2, p. 122.)

The other law provides for old-age pensions at state expense for indigents over seventy years of age. The maximum amount is fixed at thirty dollars per month for a single person and forty-five dollars for a married couple, provided the former does not own as much as $1,500 worth of property or the latter as much as $3,000 worth. That there was widespread sentiment for old-age pensions is shown by the fact that the bill passed both houses unanimously, but in different forms necessitating a conference committee. Also there were fifteen different bills introduced, providing from fifteen dollars to sixty dollars per month, the median amount being thirty dollars.

The pensions will be administered by an old-age assistance commissioner under the supervision of the state eleemosynary board The commissioner will be assisted in each county by an unpaid old-age assistance board of three members to be appointed by the county court.

Old-age pensions at state expense will enable the counties to reduce the expenditures for both outdoor and indoor relief. But pensioning those over seventy years of age will not close the almshouses, as often alleged. However, a small reduction in the number of inmates does further emphasize the need for district infirmaries rather than county homes.

The above laws will be financed from the proceeds of a new 1 per cent sales tax, approximately $2,000,000 being appropriated for each purpose for the remainder of the biennium. The new sales tax is based upon the existing one, its rate being doubled, its base broadened, and the tax to be shifted to the consumer. Penalties on delinquent property taxes were again eliminated.

No other important bills affecting counties were passed or seriously considered in the recent session. The Missouri Association for Social Welfare sponsored two bills providing for a state department of public welfare and optional county boards of welfare respectively. Lacking the active support of the Governor, both bills died in the House committee on eleemosynary institutions.

WILLIAM L. BRADSHAW
University of Missouri

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Indiana—County Planning Commissions Authorized.—Although the 1935 session of the Indiana General Assembly was not productive of any thorough reconstruction of local government, several statutes were enacted which should be conducive to economy in local administration and pave the way for more comprehensive reorganization in the future.

One of these statutes authorizes any county of the state, by action of its board of commissioners, to establish a county planning commission. The commission is to consist in part of members appointed by the county board and in part of *ex officio* members. While the members serve without compensation, the commission is authorized to employ technical and clerical assistants and to fix the compensation of such assistants with the consent of the board of county commissioners. The commission is directed to prepare and adopt "a master plan for the physical and economic development of the county." Projects for the construction of county highways, parks, or buildings are to be submitted to the planning commission for its advice; if the advice of the commission is not followed, a statement of reasons must be filed for public inspection. The commission may prepare draft ordinances, including ordinances for zoning or land use regulation, for carrying out the master plan or any part thereof, and the board of county commissioners is empowered to adopt such ordinances. It is also the duty of the com-

mission to coöperate with other planning authorities within the state in the coördination of planning programs.

Obstacles to Consolidation Removed.—Another act provides that whenever any township is abolished, or has its territory increased or decreased by boundary changes, the territory of the township, as it existed before the change, shall constitute a special taxing district for the retirement of any indebtedness of the township existing at the time the change was made. With the enactment of this provision, the problem of adjusting existing indebtedness should cease to operate as a serious obstacle in the way of township consolidation.

A step in the direction of functional consolidation is seen in an act authorizing any two or more counties, with the approval of the state board of health, to combine in the establishment of a health district for the employment of a full-time health officer.

Financial Control Tightened.—Three acts concerning local financial administration should result in substantial savings to the taxpayers. One of these requires counties, cities, towns, and school corporations, in making their annual budgets, to show the amounts of revenue which they expect to receive from various state funds, and to take such amounts into account in making their tax levies. Another act requires boards of county commissioners to purchase tools and materials for highway maintenance on the basis of open competitive bidding, total purchases up to three hundred fifty dollars per month in each county being excepted, however, from the requirement. By the terms of a third act, local governmental units are forbidden to make additional appropriations, after the regular annual budget has been adopted, without the approval of the state board of tax commissioners, which board has heretofore passed upon such appropriations only in the event of an appeal to that body by taxpayers of the unit affected.

A joint interim committee was established for the purpose of studying problems of taxation and making a report to a subsequent session of the general assembly, at which time, it is understood, the recommendations embraced in the recent report of the Indiana State Committee on Governmental Economy will also receive further consideration.

Clyde F. Snider

Indiana University

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Montana—County Consolidation.—In the recent session of the legislature the small county legislators formed a bloc to prevent all attempts at county consolidation. S. B. 34, signed by the Governor, provides for the submission of a constitutional amendment to the people in 1936 preventing the consolidation of counties except by vote of the counties affected. At the same time the senate committee on counties refused to recommend for passage a bill providing that on petition of 25 per cent of the taxpayers in a county desiring consolidation an election should be held in the two or more counties to be consolidated. If approved by a majority vote in the counties affected the bill set up the legal machinery for taking care of debts, claims, assets, etc. Thus S. B. 34 says counties cannot consolidate without their consent yet there is no manner by which counties can consolidate even though the taxpayers demand it. If S. B. 34 should carry, the state would relinquish a fundamental principle that counties exist by authority of the state. Already there are nine counties that contribute less tax money through a two-mill tax than their cost to the state amounts to.

The Montana Taxpayers' Association had hoped that sufficient pressure could be brought to bear upon counties to induce them to consolidate offices, adopt home rule charters, and lower their costs of operation during the next two years, so that forced consolidation would not be necessary. The secretary of the Association offered to withdraw any attempts at compulsory consolidation if the legislature would pass the optional consolidation and home rule charter bills. Their refusal has left but one course open, that of initiating a bill by petition in 1936 providing for consolidation and conducting an active campaign for the defeat of S. B. 34.

Since the failure of the home rule charter bill to pass the legislature, a number of counties are expressing renewed interest in the provisions of the existing county manager law. Gallatin, for example, had already circulated a petition calling for an election on this plan of government, but withheld action pending

the home rule charter proposal. While a home rule charter bill would be much more flexible and would permit variations that would suit the many different counties of the state, the county manager law is about as good as could be drawn for a single plan of county government. Undoubtedly Gallatin and several other counties, having grown tired of waiting for any further improvement, will now go ahead and attempt to put over the county manager system.

THE MONTANA TAXPAYER

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Kansas—Community Hospitals Authorized.—An act of the last legislature authorizes the construction and operation of community hospitals in counties having a population of more than 43,000 and less than 55,000 and having an assessed valuation of more than $30,000,000 and less than $45,000,000, if there are one or more cities of the second class in the county maintaining a city hospital. There was no statute permitting counties to join in the operation of hospitals, jails, poor farms, and other county institutions.

The McFarland bill for county consolidation failed to pass. Neither did the bill allowing counties to adopt the manager form of government pass.

ALBERT B. MARTIN

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California—Committee to Study Consolidation in Los Angeles.—Mayor Frank L. Shaw of the city of Los Angeles recently made public the fact that he will soon appoint a committee to study the subject of city and county consolidation and to make recommendations as the best manner in which this movement can be brought about.

The fact that the committee will not be confined to the city of Los Angeles, but that outside cities or districts may be represented on it, is a possibility considered significant in that it is believed to look toward the creation of a city and county government to embrace the entire county, with borough representation for the major communities within the county.

City and county consolidation after the manner in which San Francisco is governed has been advocated by Mayor Shaw from the beginning of his term.

C. W. LEWIS

Pennsylvania—County Committees Meet.—What may well prove to be an important event in the history of county and municipal government in Pennsylvania occurred recently when representatives of the first eleven county citizens' committees formed by the National Economy League met in Northampton County to consider ways of coöperating with officials in a state-wide movement to reduce the cost of government without impairing essential services.

These committees are limited to a membership of twelve carefully chosen persons of high repute in each county. At the request of the National Economy League they are being supplied with the same comparative schedules from the Pennsylvania Economic Council that have been supplied to county and municipal officials. They will study these and then coöperate with officials in attempting to remove the causes of any items of expense which appear to be unduly high.

PENNSYLVANIA ECONOMIC COUNCIL BULLETIN

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

New York City Relief Taxes Upheld.—In a decision handed down July 11, the Court of Appeals upheld unanimously the past and present emergency tax program of the City of New York to finance the municipality's share of relief costs.

Two cases were before the court, one involving the constitutionality of the Buckley act, which authorized the 1½ per cent tax on the revenues of utilities imposed by the city in 1933, the other involving the sales tax. The latter was dismissed by virtue of the decision on the first case, the court holding in substance that the delegation of the taxing power by the state legislature was not a violation of the state constitution.

Interesting in the case were several aspects of municipal-state relationships commented upon by the court. "The legislature for the first time has conferred upon a municipal corporation authority to enter the field of indirect or excise taxation," Judge Loughran wrote.

"It is true that there is to be found in the Buckley act neither limitation in respect of the character or rate of the taxation author-

ized, nor restriction in respect to persons, business, or property within the City of New York to be subjected thereto. The terms of the act, however, do confine its operation in point of time and of specific public use of revenue to be derived. The state has here empowered its agent, the City of New York, during a fixed period, to experiment in taxation for a state purpose which is also so much a matter of local concern that the city authorities undoubtedly have unequaled knowledge and capacity to dispatch it. Broad and unprecedented as is the license conferred, we are without jurisdiction to circumscribe or modify it."

Chief Judge Crane, in a concurring memorandum, wrote: "We think that, within the limitations and restrictions of the act, considering the powers already given to the city as a public welfare district, the legislature has not delegated its taxing power so as to abdicate one of its constitutional functions. Whether in any instance the power of a municipal corporation to tax, to borrow money, to contract debts, or lend its credit has been sufficiently restricted, is a question for the discretion of the legislature, not reviewable in the courts."

Had the decision been adverse, New York City's treasury would have lost approximately $33,000,000 from the utility tax, and some $40,000,000 from the sales tax, plus smaller sums received from other relief levies, such as the gross business tax. Refunds would also have had to be made on relief taxes collected in 1934 and 1933.

Important as the decision is to the metropolis, the court's position may prove in time to be of far wider reaching significance. Though New York City is perhaps one of the few cities in the country large enough to expect a fairly efficient administration of a local sales tax, the avenues of experimentation in municipal taxation which the decision may open up are practically endless. Instead of simplifying the present overlapping spheres of taxation which the Interstate Council on Conflicting Taxation seeks to regularize, the decision may prove an opening wedge to bring the municipalities to a position of "usurpation" of some of the taxes formerly more or less reserved to the states, thus reversing the present situation of narrowing the tax bases open to the cities.

Rate Limitation in West Virginia.—A recent bulletin of the West Virginia League of Municipalities provides pertinent data for officials and citizens interested in observing the concrete results to tax rates of over-all tax rate limitation. West Virginia, it will be recalled, virtually throttled her cities two years ago by adopting a limitation law so tight it left nothing for operation after debt service deductions. Provision was later made for levying outside the limits for debt service, contractual debt charges, and operating levies in cities free from debt or ratifying excesses by special elections.

According to the League, municipal rates are authorized as follows: On money, stock, bonds, and other intangible personal property, 12½ cents; on realty occupied by the owner exclusively for residential purposes, 25 cents; and on all other realty, 50 cents. Actual average levies of 104 cities in the state with populations in excess of 1000 in 1934-35 were, for intangibles, 17.5 cents; for realty occupied by the owner exclusively, 35 cents; and for all other realty, 70 cents.

Of the cities tabulated, "eleven laid levies below the authorized maximum, twenty-seven used the full allowances, and the remaining sixty-six were compelled to levy rates in excess of the limitation amendment." Ten cities benefited from utility earnings, two to such an extent that they laid no levy for operating purposes. Other cities utilized unused debt allowances transferred to current operating purposes, or were debt free last year, or had special elections.

Here is assuredly food for thought for all rigid rate limitationists. West Virginia cities' pitiful financial condition in 1933 is well known to REVIEW readers; the limitation amendment virtually forced many cities to close up shop, and knocked others for a loop from which they will be long recovering. Yet in spite of the stringent effects of the limitation law, the net result a year later is shown to be not lower taxes, but taxes in a majority of instances laid outside the levy, and legally at that. Again it is shown, limitation that really limits breaks down government; "workable" limitation, with excess levy provisions, fails to limit. Of course, the whole business is getting the cart before the horse; but when will our limitation-mad lobbyists begin to recognize that?

Florida Taxpayers Enjoying "Holiday".—Ravages of a long continued policy of "relief for the taxpayer" via the usual abatement and extension legislation route are today vividly shown in the state of Florida, according to a recent weekly bulletin from Walter P. Fuller of St. Petersburg.

According to Mr. Fuller, "Here are the essential facts of the situation. The 1935 legislature at its beginning passed its usual silly act extending the time of closing the tax books until the end of the session. Then it pulled the teeth from the 1929 tax foreclosure law. Final move was to bar the sale of tax certificates until April 1936, and invite all tax boards to compromise delinquent taxes for 1933 and prior on any basis they desired."

Leaving aside the resulting financial embarrassment to the state, "rather conclusive proof of the tax-paying holiday now in full swing is furnished by the county of Sarasota, where one of the most aggressive and intelligent sets of county officials in the state has achieved during the past several years one of the most splendid collection records. . ."

On April 1, 1934, this county had collected $138,492 of the current roll. On the same date this year the figure was $181,158 on a materially larger roll. Percentage figures were 26.23 per cent for 1934, 27.75 per cent for 1935.

But three months later, on July 1, 1935, collections totalled only $217,048, as against $220,007 for the same period in 1934. The percentages, which tell the true story, were 34 per cent for 1935, as against 41.7 per cent for 1934. For the three-month (April-July) period delinquent tax collections were $17,500 in 1934, as against only $1,500 in the comparable bracket this year.

Indications are that assessors' and tax collectors' offices in other parts of the state have been reduced similarly to chaos by the recent legislative activities of the state lawmakers. The city manager and tax assessor of St. Petersburg are reported to have resigned rather than cut valuations in half. The assessor of Sarasota County, already mentioned, while refusing to assess homesteads (exempted from operating levies by a constitutional amendment adopted last fall) for bond debts also ignores the legal presumption that valuations are 100 per cent of true value and has decided that assessments represent but one-fourth of such value, and is accordingly exempting homesteads up to $1,250 only, in place of $5,000 as provided by the amendment. Palm Beach has declined to levy on homesteads for bond debts. Only Miami Beach, with about 99 per cent tax collections, secured mainly by foreclosure of some two thousand properties, shows as a bright spot in the tax collection picture.

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Philadelphia's Tax Collections Rise.—For the first time since the depression began, Philadelphia has seen a half-yearly period in which tax collections were greater in amount than in the corresponding period a year earlier. For the first six months of 1935 collections were 64 per cent of the levy, as compared with 59.05 per cent for the first half of 1934.

In amount, the 1935 collections were $1,091,243 ahead of last year's similar collections, in spite of the fact that the 1935 levy of $49,761,106 was nearly $3,000,000 more than that of 1934.

Delinquent tax collections do not show the same increase. Total arrears this year were $33,359,953, or $282,842 less than the total a year ago. However, by June 30 this year only $5,488,357 had been collected, as compared with $7,772,241 a year ago. The percentages are, for 1934, 23.1 per cent; for 1935, 16.45 per cent.

Delinquent collections are said by the Philadelphia Bureau of Municipal Research, from whose bulletin the above figures come, to have been adversely affected by the fact that a delinquent tax abatement bill was pending before the legislature in April and May of this year, accompanied by a loss of receipts as taxpayers waited in the hope of reductions. In June, with the legislation passed, the uncertainty ended and collections improved.

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A drastic tax limitation law to which the city of Saginaw, Mich., recently became subject will necessitate darkening one out of every four street lights, cutting in half the street repair program, closing three of seven bridges, eliminating three fire stations and dismissing 24 firemen, abolishing all park service, discontinuing ash collections, and abating public health work in the schools. Other cities in the state face similar situations because of limitation laws.

On July 17 New York City held its most successful bond sale in more than thirty years, disposing of a $38,000,000 issue of long-term serial bonds and corporate stock at an interest cost basis of 3.47 per cent. The nearest approach to the favorable price was for an issue of $22,000,000 corporate stock sold in 1905 at a premium that made the cost to the city 3.48 per cent.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Another P. R.-Manager Proposal in Cleveland.—Ernest J. Bohn, who was first elected to the Cleveland council under P. R. and has since established a firm reputation as one of its most useful members, surprised the council on June 10 by dropping an unheralded 75-page charter amendment into the legislative hopper. The amendment re-establishes the city manager plan and provides for a council of fifteen elected at large on a non-partisan ballot by proportional representation. Somewhat similar proposals by Council President Alexander DeMaioribus and Councilman Herman Kohen were already before the council, as reported on page 184 of this department for March.

Subsequently hearings were held before a committee of council of which Mr. Bohn is chairman. To mobilize effective support for the Bohn proposal a People's Charter Committee was formed and petitions were put into circulation with the idea of forcing a vote at the election this fall. The petitions named as sponsors a highly representative and respected committee. But it was finally decided that in view of the vote this fall on a new county charter drawn on similar principles it would be best to concentrate attention on that and bring up the new P. R.-city manager charter for the city at a later date.

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P. R. Proposals in the 1935 Legislatures.—So far as we are informed no one of the state legislatures meeting in 1935 actually enacted any proportional representation legislation, but the number of legislative P. R. proposals in the various states and the public attention given them leave no doubt as to the present virility of the P. R. movement in the United States.

Ohio. One of the most interesting of these, though scarcely one of the most promising for immediate enactment, was a constitutional amendment (H. J. R. No. 26) introduced in the Ohio legislature by Representative Levan to provide for a one-house legislature elected by "the system of proportional representation with the single transferable ballot" from large districts electing several members each. A fixed quota of 50,000 votes was to be used, with the proviso that if this resulted at a non-presidential election in a general assembly of more than sixty members the quota was to be increased for future elections by 10,000, and if it resulted at a presidential election in a general assembly of less than fifty-one members the quota was to be decreased thereafter by 10,000. Districts were to be drawn by the secretary of state following county lines and including at least six quotas in each district. Some of the detailed rules of the P. R. count were also left to the secretary of state subject to general principles stated in the amendment. The bill was well drawn by Emmett L. Bennett of the Cincinnati Bureau of Municipal Research and contained other interesting details to describe which space is lacking.

Boston. Reference was made in this department in February and April 1935 to the bill introduced by Representative Christian A. Herter, member of the recent Boston Charter Commission, to give effect to majority and minority recommendations of that commission by making the Hare system of P. R. for the city council or school board and the Hare system of preferential voting for mayor available to the citizens of Boston by petition and popular vote. This bill was put over by the legislative committee for another year, together with a great many other suggested changes in the Boston city charter, on the ground that all these matters would have to go to referendum and there was no convenient voting date between now and next year's session. The committee appears to have been favorably impressed by Walter Millard's presentation of the case for P. R. at the hearing in March, however, and influential members have promised the sponsor to try to put the bill through next year. Boston has recently

experienced a considerable awakening of interest in P. R. and the whole "Cincinnati plan", with special articles in the *Evening Transcript,* the *Herald,* and the *Post.* Representative Herter and Senator Henry M. Parkman arranged a public meeting at which P. R. was demonstrated by Herman C. Loeffler of the Boston Municipal Research Bureau and Henry L. Shattuck, treasurer of Harvard University and member of the Boston city council, expressed himself forcefully for P. R. and against any return to elections at large without it.

Pennsylvania. The permissive bills for Philadelphia, Pittsburgh, and other municipalities in the Pennsylvania legislature, referred to in this department in March, April, and May, fared far worse than had been expected. The legislature consumed its energies in long wrangles on economic matters between the Republican Senate and the Democratic House and many of the Democrats appeared to have lost interest in minority representation since their recent majority votes in various cities and the state as a whole. The only bill in the program which emerged from committee was one which did not involve P. R., the optional city manager bill for third class cities by Representative Andrews of Johnstown, and that was defeated in the House by 111 votes to 71.

New York. The New York Senate's passage of a measure by Senator Thomas C. Desmond of Newburgh which would have made P. R. available for county boards of supervisors was referred to in this department for May.

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Automobile Labor Board Elections.— There has been much discussion of the use of "proportional representation" in the interesting elections of employee representatives conducted last spring by the Automobile Labor Board. It should be understood that this was not proportional representation in the sense in which that term is ordinarily used by political scientists the world over.

There was no opportunity for definite representation of different viewpoints except in so far as these were reflected in the different organizations of automobile workers. The workers were divided into single-member districts with the exception of a few electing from two to six because of exceptional circumstances and in all of these the majority system of voting was used. A primary was held in each district to reduce the number of candidates to twice the number to be chosen and then a straight vote was taken in the final election between the rival candidates or tickets.

At the primary election each voter was allowed to name a worker's organization with which he wished to be considered affiliated. If he did not do so he was classified with the unaffiliated group, which was treated like a separate organization. The organization groups thus determined are the ones among which "proportional representation" was secured. This was done by allotting additional members to the groups under-represented in the regular majority elections, the particular candidates to receive the additional seats of a group being those who in any of the districts received the most votes (if any of them were fortunate enough to survive the primaries). The American Federation of Labor, for example, was thus assured of substantially its proportionate share of each committee but differences of opinion within the A. F. of L. or cutting across organization lines altogether were disregarded in the apportionment.

Whether true proportional representation would be desirable for such a purpose is a question about which supporters of this principle for political elections may well disagree. Many labor leaders oppose even the representation of different organizations on the ground that it tends to divide the workers in the face of a united group of employers. It might be contended, on the other hand, that a completely representative workers' delegation could command much more united support from the workers than any other sort of delegation if its members could once agree on a common program, as they would have every incentive to try to do.

If a completely representative workers' delegation is desired it can of course be secured with certainty only by the usual P. R. election machinery, which would eliminate the necessity of primaries and do more than the system used in the automobile plant elections with far less trouble.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Research Department of the Portland (Ore.) Chamber of Commerce.—The research committee which coöperates with the research department is divided into four sections: natural resources, utilization of natural resources, human relations, government. The government section of the research committee produced three major reports during the past year according to the annual review of activities just issued. One dealt with the twenty-mill tax limitations amendment; another with the proposal to vest in the state highway commission complete jurisdiction over all roads and highways, their location, construction, and maintenance; and a third with the proposal to require all counties to hold referenda on the question of establishing county unit school systems.

The research department staff prepared a series of studies on taxation and tax trends in Oregon for use by a special committee which is preparing a report on this subject. This report on taxation is deemed to be particularly necessary in view of the reorganization of the tax system which may be desirable in connection with the industrial expansion expected to follow completion of the Bonneville dam.

A wide range of studies and reports dealing with economic geography, economic relationships, and business and industrial problems were prepared during the year. In these studies the research department coöperated with the state planning board.

Frank M. Byam is the manager of the research department.

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Schenectady Bureau of Municipal Research.— The Bureau continues to issue approximately twice each month its informative four-page planographed *Bulletin*. An unusual feature of this bulletin is the large number of cartoons, pictograms, and charts used to present graphically the significant facts revealed by the Bureau's investigations. The *Bulletin* of May 23, for example, contains a pictogram spread over the two inside pages showing the various taxes collected by the state in Schenectady County and the amounts received from the state by governmental units within the county for various governmental functions.

Other recent issues of the *Bulletin* contain an analysis of the turnover in subordinate personnel in the county offices following the change in factional control of the county board of supervisors and an analysis of some of the other political or patronage aspects of the county government.

The Bureau recently revealed the interesting fact that during the past thirty-five years Schenectady voters have repudiated the party in power fourteen out of seventeen elections (82.3 per cent of the time) by refusing to reelect its candidate for mayor. In the opinion of the Bureau this is some indication that more is needed for success in a city election than control of the city's patronage. It certainly suggests, as the Bureau points out, that the average voter in Schenectady demands something better than he has been getting in politics, and that "it would be good politics, good practical politics here for a mayor in power to try good government instead of relying upon patronage machines."

Municipal purchasing practices have been exhaustively studied by the Bureau. Prices paid by the city for many standard articles have been tabulated over a period of years and the quantity of various commodities and articles purchased during the past year compared with previous years. The allocation of purchases to various merchants has also been tabulated. For example, the Bureau finds that more than three-fourths of the city's drug business has been given to the ward president of the administration's factional organization in the city's largest ward. This druggist's prices averaged 73 per cent above those prevailing in the local market. The unsatisfactory purchasing situation has thus been clearly and forcefully revealed.

During 1934 the Bureau made several studies of police and fire department activities; studied the school budget, the teachers tenure law, and the use made of state aid; began a study of character education in the schools; investigated public welfare administration and finance; followed closely the fourteen divisions of the department of public works; prepared a great deal of material re-

lating to the city manager form of government used in the campaign which resulted in the adoption of a city manager charter; and prepared reports on the county airport and the county sheriff's office. During the year newspapers gave wide publicity to Bureau activities and published on an average one column foot of such material every day.

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Hawaii Bureau of Governmental Research.—The current program of the Bureau, as outlined in its annual report released in June 1935, is as follows:

1. At the request of the mayor and the board of supervisors of the city and county, the Bureau is engaged in making a classification of positions and a new schedule of salaries for all of the offices of the city and county of Honolulu.

2. The director of the Bureau, Oscar Goddard, is assisting the territorial tax commissioner and the attorneys-general department in the drafting of rules and regulations for the enforcement of the gross income tax law passed by the 1935 legislature. At the Bureau's expense, Mr. Goddard made a trip to Mississippi, Washington, D. C., Indiana, and California to study the administrative procedures in use in these jurisdictions in the enforcement of sales and gross income tax laws.

3. At the request of the tax commissioner the Bureau is assisting in the reorganization of the tax department and the reassignment of duties of staff members to make possible the most satisfactory administration of the tax laws as revised by the 1935 legislature.

The Bureau's program for the next three-year period includes the following projects:

1. Further study of county government and extensive efforts to install modern methods and procedures.

2. An intensive study of the opportunities for constructive economy in the administration of the Territorial Government.

3. Perfection of the personnel classification system of the Territorial Government and extension of the principles of scientific personnel administration to county governments.

More than 250 taxpayers throughout the Territory are now members of the Bureau and contribute toward its support. Last year the Bureau spent approximately $25,000. The Bureau's report includes copies of recent letters from Governor Joseph Poindexter and Mayor George Wright of Honolulu, commending the Bureau for its work and thanking it for its assistance and help.

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Akron Municipal Research Bureau.—With the death of Fred M. Harpham, on June 12, 1934, the Akron Municipal Research Bureau lost its first president and chairman. He had served the bureau continuously since its organization meeting on November 16, 1914, which he as president of the Chamber of Commerce had called.

Dudley W. Maxon, lawyer and past president of the Chamber of Commerce, succeeded Mr. Harpham as chairman of the bureau committee. The policy of the Chamber has been to reappoint the same persons to membership on the bureau committee from year to year, the committee to direct the scope and activities of the staff and report its findings to the trustees and other committees for follow-up.

During the past year, the bureau director, H. G. McGee, has been loaned twice. Once he served the Commission on County Government, of which Charles P. Taft, 2nd, was chairman, and R. C. Atkinson was research director. On this assignment he made the study and report on county financial administration. The second out-of-Akron assignment was to the Ohio Government Survey, of which Colonel C. O. Sherrill is chairman, for the purpose of supervising the team studying the Ohio State Department of Finance.

Local studies and reports completed during the year included one on proposals to refund all of Akron's city debt, one on Akron's city debt retirement funds, one each on the city, county, and school general property tax requests for 1936, and two reports prepared jointly with the city director of public service and utilities commissioner on city garage service and service department salary schedules. An FERA study of real estate tax accounts for 1934 in Akron was started; most of the field data has been checked but the final analysis has not been made.

Among the findings of the reports on county government are: The number of persons in Ohio county finance administration tends to increase from an average of one to every 5,800 population in counties of more than

100,000 to one to each 2,600 population in counties of less than 20,000; that a single-headed finance department might well be substituted for the existing dual departments; that license-issuing be concentrated in one department so far as constitutional; that cities and school districts be given representation on the county budget commission which decides competitive claims for tax levies within limitations; that all funds received by county officers under color of office be given treasury protection; that cashiers be provided with a device which records each receipt on an inaccessible tape; and that the two statutory delays of five days each between invoice, resolution to pay, and payment of each claim be eliminated in charter or optional plan counties.

The report on the state finance department developed the fact that the department's machine-kept budgetary control records are systematically duplicated by pen-written records; that while a considerable care is taken to control commitments to spend, no such care is exercised with respect to revenues; that the executive budget, the appropriation act, and the annual financial report are not comparable without cumbersome reconciliations; that unrestricted general fund payments in 1934 amounted to only twenty-two million dollars of the one hundred and thirty-nine million dollars total payments from over a hundred funds; that the use of vouchers approved for expense offered opportunity for gross distortion of comparative annual costs; that assets other than cash were generally not accounted for; and that expenditure control was generally limited to three times in every two years instead of being constantly effective through allotment control.

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Commonwealth Club of California.—The thirtieth annual report of the Club for the year 1934 was issued in June 1935. This report summarizes the meetings and other activities of the Club's thirty sections. All but five of these sections are directly concerned with matters which are definitely within the purview of either the state or the state's local governments. Those sections concerned with the administration of justice, civil service, education, governmental finance and taxation, municipal government, as well as several others are studying the same problems which are receiving the attention of governmental research agencies throughout the country.

During 1934 the people of California ratified an amendment to the state's constitution providing for an appointive judiciary. Since 1912 the Commonwealth Club has been advocating and working for this objective. An appropriation by the Club of $1500 and the coöperation of the State Chamber of Commerce, League of Women Voters, Bar Association, American Legion, and Federation of Women's Clubs resulted in notable victory at the polls.

The Club does not endorse candidates for political offices but it does take a poll of its membership on the constitutional amendments which are proposed from time to time. Last year the Club's verdict on the sixteen measures of this kind which it studied and voted upon was the same as the vote of the people of the state with but a single exception.

During the year there were twelve issues of the *Commonwealth Club Transactions,* each number dealing with a single topic. Topics thus reported on included "The State Deficit," "Courts and Crime," "Port Control," "The Townsend Plan," "Selective Immigration," "State Financial Problems."

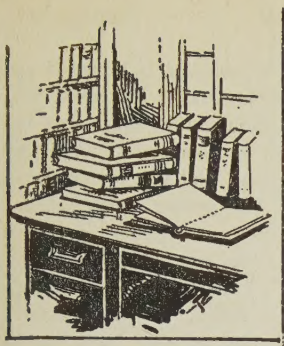
THE CASE OF MR. NAHOUM

(Continued from Page 418)

tion and elasticity. New techniques of administration are essential to the solution of this phase of the problem.

Finally, Mr. Nahoum leads us to query how long before we shall cease viewing relief as a temporary problem to be solved by temporary measures that contribute nothing to a permanent solution. Practically every expert on public welfare administration in the country agrees as to the relative permanency of the problem of unemployment. It is time we recognized this —not only in our governmental budgets—but in our social and economic planning, which in the last analysis means governmental planning.

H. P. J.



RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

Cases on Municipal Corporations. By Murray Seasongood. Chicago, Callaghan and Company, 1934. 713 pp. $6.00.

Readers of the NATIONAL MUNICIPAL REVIEW have long known Murray Seasongood as a courageous and colorful civic leader. His achievement in arousing Cincinnatians to revolt against a corrupt and tyrannical political machine is common knowledge, and many of us know the wit and eloquence which he brought to that illustrious accomplishment. Most of us never expected of him anything so humdrum as a case-book on municipal corporations. It seems, however, that when he is not reforming Cincinnati or Hamilton County or being President of the National Municipal League or practicing law, he teaches municipal corporations at the University of Cincinnati Law School. And not content to serve his students the old rehashed cases which have been the stock in trade of teachers of municipal corporations for a generation, he has prepared for their use an up-to-date case book.

It scarcely needs to be said that his work has been done competently. The book is intended for use in a thirty-hour course and is therefore relatively brief. Such a collection of cases inevitably tends to emphasize the particular ideas of arrangement and selection of the author more obviously than a more comprehensive collection would do. To criticize Mr. Seasongood's collection on this ground, however, would be merely to assert one's personal opinion. No two teachers agree as to the content of any such course as municipal corporations. The subject is in a state of rapid transition, and Mr. Seasongood's view of the subject-matter and arrangement of a course is entitled to great weight. There is nothing about it to impair in the slightest degree the usefulness of the book for classroom purposes.

As a teacher of municipal corporations himself for several years, the reviewer confesses to a sentimental melancholy over the absence of some of the old standbys he has been in the habit of using. But that only proves the reviewer to be something of an old fogy. Mr. Seasongood's cases present the law as it is rather than as we old timers used to think it was. He is to be congratulated for turning out a useful and practical work which will deserve to have wide use in our schools of law and our schools of public administration.

THOMAS H. REED

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The Place of State Income Taxation in the Revenue Systems of the States. Report of a Committee of the Tax Policy League. New York. Tax Policy League, 1935. 16 pp. twenty-five cents.

Two years ago a committee of the National Tax Association headed by Professor Bullock and counting among its members several other well known writers in the field of taxation (Professors Lutz and Fairchild) and persons concerned with taxation in a practical way, prepared a comprehensive report on a Model System of State and Local Taxation. In that report the committee recommended, among other things, that the personal income tax be adopted by all states because this tax is best fitted to carry out the principle considered essential by the committee that "every person having taxable ability should pay a direct tax to the state in which he is domiciled and from which he receives the personal benefits

that government confers." It recommended a mild graduation of the rates, rising to 6 per cent, low personal exemptions amounting to $600 for a single person, $1,200 for husband and wife, and $200 for each child, and a filing fee of $2.00 to be paid by all adult citizens.

Now a committee of the Tax Policy League, another organization interested in tax problems, proposes that state income taxes be extended far beyond the limits indicated by the other group. The committee, comprised of Professors Simpson (its chairman), Blakey, Groves, Jensen, and Martin, hold the personal income tax to be far superior to the property tax, from an administrative as well as an economic point of view, and insist that this tax should be developed to a point where it would produce at least as much revenue for the state and local governments as does the property tax. It takes sharp issue with the other group on a number of points affecting both the principles and organization of the income tax. Its criticisms are not always just, as, for example, when it charges the other group with a tendency to regard the personal income tax as a benefit tax rather than an ability tax. Likewise, it implies without adequate foundation that the other group assumes that the state and local governments must continue *indefinitely* to derive the chief portion of their revenues from the property tax and to use the income tax only as a minor source of revenue.

The committee of the Tax Policy League recommends a much steeper progression of rates than that suggested by the National Tax Association's committee. The states having an effectively administered income tax should have rates running from 2 to 15 per cent, those with a less effectively administered income tax or those that have adopted this tax only recently should have rates of 1 to 7 per cent. Eventually, acording to this committee, all states should have an income tax with rates running up to 30 per cent. The committee's recommendations as to the reduction of personal exemptions do not differ much from those of the other group, but they do not include the proposal of a filing fee. The Tax Policy League's committee differs most emphatically with the other group in its recommendations as to the definition of the situs of the taxable income. It condemns the present system under which the domicile of the recipient of the income is accepted as the situs of his income and he is taxed by the state of his domicile upon his entire income including that earned in other states. It takes this view on the ground that this system imposes hardships on the poorer states which have a large proportion of absentee owners, and it suggests a gradual transition towards a system of taxation by each state merely of the income earned within its boundaries. Needless to say, taxation on that basis could be adjusted to ability to pay only if administered by the federal authority for the benefit of the states. The committee fails to make this clear.

The principal value of the report lies in the emphasis which it places upon the need for further development of income taxation in our state and local revenue systems. The report deserves the attention of all students of taxation, and should be read in conjunction with the National Tax Association Committee's report. A discriminating reader will get a better comprehension of the subject by comparing these two rather divergent discussions.

The Tax Policy League has rendered a public service in bringing together the aforementioned five able students of taxation in a deliberation of a tax question of great current importance and in making available their conclusions to the general public.

PAUL STUDENSKI
New York University

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A Study of Local Government in the Metropolitan Area Within the County of Los Angeles. By the Los Angeles Bureau of Budget and Efficiency. 1935. 300 pp.

This is principally a descriptive analysis of the prevailing governmental set-up of that part of the Los Angeles metropolitan region located within Los Angeles County. In the functional analysis emphasis is placed upon the incidence of costs, variations in standards of service, and interrelationships among the different municipalities and other governmental units of the area.

The Bureau commits itself to no single solution of the problems of the region, but outlines a series of steps which might be taken to relieve the taxpayers of the city of Los Angeles of what is said to be an unfair proportion of the costs of government of the entire region. This condition arises from the

existence of smaller municipalities and unincorporated communities which receive a variety of municipal service from the county which, in turn, derives over one-half of its revenues from the taxpayers of the central city.

Mayor Frank L. Shaw, in transmitting the report to the city council, declared that he would appoint a committee of citizens, as suggested by the Bureau, to examine the accumulated data and decide upon a specific course of action. The alternatives open to such a committee as outlined in the report are functional consolidation on an area-wide basis, city-county consolidation, city-county separation, relief of property within the city from county taxation, and provision for special levies upon property of unincorporated areas and peripheral municipalities for municipal services, or the abolition of county government and the division of the state into administrative regions with state administration of all governmental services in unincorporated areas and also in incorporated cities upon payment of the cost of such services.

V. O. Key, Jr.
University of California at Los Angeles

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Welfare, Relief and Recovery Legislation, Federal and State, 1933-34. By Marietta Stevenson and Susan Posanski of the American Public Welfare Association. Chicago, Public Administration Service, 1935. 33 pp. Twenty-five cents.

A revision of the 1933 report upon the same subject bringing up to date digests of the mass of federal and state legislation designed for relief of the unemployed. The year 1933-34 saw the federal government coming to the aid of local communities which until that time had borne almost wholly the burden of poor relief. The legislation passed by federal and state governments evidenced a growing realization of the importance of long time planning for meeting continuing relief needs.

*

Trained Personnel for Public Service. By Katherine A. Frederic. Washington, D. C., The National League of Women Voters, 1935. 54 pp. Twenty-five cents.

Of the national organizations working for expansion of the merit system in public service, the National League of Women Voters has been outstanding for many years. It is now in the midst of an intensified campaign and this study by Miss Frederic supplies local groups not only with ammunition of facts relative to present public personnel policies but presents plans for action. It will be found very helpful by any citizen group seriously interested in bringing about better administration of governmental services.

*

Shelter Care and the Local Homeless Man. By Alvin Roseman of the American Public Welfare Association. Chicago, Public Administration Service, 1935. 56 pp. Fifty cents.

For an inside, too vivid-for-comfort picture of the lot of the homeless, penniless, non-family man, this study is recommended. In Chicago, Minneapolis, St. Paul, Cleveland, and Cincinnati the author visited shelters at all hours, day and night, talked with the men and interviewed staff members and others.

In the vast confusion of setting relief wheels in motion, families and unattached women received first attention. Men without families were treated, without classification, as "shelter bums" with resultant loss of practically all self-respect.

As a result of Mr. Roseman's observations and recommendations, Illinois inaugurated a new method of caring for this neglected group. The study is presented in the hope that it may be helpful to other states since the problem is not local but country-wide.

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A Model Tax and Revenue System for the State of New York. Memorandum in Support of Senate Int. No. 982, Print No. 1095. By Charles J. Tobin. Albany, 1935. 80 pp. (Accompanied by text of bill, 300 pp.)

This represents a very carefully devised revenue system and the author who has been a former counsel to the New York State Tax Commission brings to his undertaking an intimate knowledge of the New York State tax situation.

The study contains much valuable information on existing conditions and many sound recommendations for improvement. Whether, however, the adoption of the plan as a whole for New York State would represent tax progress or the reverse is open to serious question.

Some of the more important changes which Mr. Tobin recommends are as follows:

A tax on every business corporation based on its gross earnings. What the rate shall be is determined by the percentage relationship that its net earnings bear to its gross earnings.

A sales tax which will include all transfers of goods and services. The rate of the tax is not, however, the same for all transfers. For example, on sales of motor vehicles, jewelry, cosmetics, and other so-called luxuries and upon the sales of stocks, bonds, and securities, the rate is 2 per cent; on sales of food, drugs, apparel, etc., the rate is 1 per cent; on sales of gasoline and other motor fuel, the rate is made three cents per gallon; on sales of transportation by boats, motor buses, or motor trucks, the sales tax is one cent per mile for every mile operated by the boat, truck, or vehicle within the state.

Concerning distribution of revenues the author recommends that all revenue from sales, inheritance, and personal income taxes, up to $200,000,000 ($250,000,000 for the fiscal year beginning July 1, 1935), remain in the state treasury, as part of the general fund. The remainder is to be returned to the localities on the basis of population, to help reduce existing local indebtedness; after that, to be applied in relief of the real property tax burden.

COUNTY GOVERNMENT AND MEDICAL RELIEF

(Continued from Page 477)

appendix. The social worker, even a thoroughly experienced one, cannot be expected to assume the responsibility for exercising a veto on requests for medical care. The old rough and ugly county physician exercised a sort of veto in a crude and most unsatisfactory way. But the services of the high class physicians, extended with courtesy and competence, are delightfully flattering and attractive to indigent people on relief rolls, and they want more and ever more of it. The doctors themselves are in an awkward position. Their ethical standards, developed in connection with a fee system, leave them no way to put an effective curb on needless calls and county officials have found no other way of applying restraint themselves in the absence of an objective measure of what is adequate. In the meantime many a county governing board views with alarm, and trembles for the future, as the costs of medical relief steadily mount upward.

KENTUCKY GETS A PRIMARY LAW

(Continued from page 480)

The election under the new law, early in August, caused no trouble for the Republicans who nominated their organization candidate with an easy majority. But the expected happened in the Democratic camp, where the contest was very bitter. Five candidates split the vote in such a way that neither Thomas S. Rhea, the organization candidate, nor Lieutenant-Governor Chandler secured the necessary majority of the total vote. The run-off primary will be held on September 7, with the three low contestants eliminated. It gives promise of being one of Kentucky's most hotly contested elections in a state where hot elections are the rule. The independent vote, both within and outside of the parties, seems to favor Chandler, which will be an advantage to the Democrats if Chandler receives the nomination. If Rhea, the organization candidate, should defeat Chandler, the general election for governor will be no foregone conclusion.

It would seem that Kentucky's initial try at the double-barreled primary may lead to a defeat of the Democratic organization candidate, a thing which would have been impossible under the Kentucky convention system of nomination.